FINANCIAL TIMES

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President's address draws mixed response, Page 4

World news | Business summary

Reagan focuses on tax reform

President Ronald Reagan appeared to raise fundamental reform of the U.S. income tax system to the top of his domestic economic policy agenda in his State of the Union address, raising more doubts about the depth of his commitment to the call for painful action to cut the federal budget deficit.

Republican leaders in Congress, who are facing the prospect of piloting unpopular budget cuts, promptly registered their dismay with the President's decision not to provide more support for the budget deficit reduction task.

By concentrating on his economic record and on the popular cry for tax reform, Mr Reagan was able to strike an economic policy theme which fitted neatly into his call for a "second American revolution." Page 4

Madrid resignations

Two senior Spanish Foreign Ministry officials resigned after their names were linked to a scandal over the channelling of secret funds to Switzerland. Page 2

UK miners' plea fails

Britain's National Union of Mineworkers' executive failed to persuade the National Coal Board to reopen negotiations. Page 6

Libya four return

The four British detainees released by Libya flew into London from Tripoli to an emotional welcome.

Takeshita target

Japanese Finance Minister Noburo Takeshita confirmed that he was a contender to become the country's Prime Minister. Page 3

Chernenko 'ill'

The Soviet daily newspaper Pravda said President Konstantin Chernenko was ill, confirming recent reports about the state of the 73-year-old Kremlin leader's health. Page 2

S. Korea arrests

South Korean police put 20 prominent supporters of opposition leader Kim Dae-jung under house arrest and built a metal fence around his home ready for his return from exile in the U.S. today. Page 3

Swedish vote

Sweden's parliament will hold a vote of confidence today in Foreign Minister Lennart Bodstroem, whose remarks have raised questions about the Government's commitment to official security policy. Page 2

Extradition sought

Italy has asked Bulgaria to extradite Turkish businessman Bekir Celenk on charges of plotting to kill Pope John Paul in 1981.

Jobs call rejected

West German Government rejected opposition calls for urgent action to bring down unemployment, which last month reached a record 2.6m, of 10.6 per cent of the workforce. Page 2

Beirut hijack ends

Cyprus agreed to free two jailed Lebanese in return for the release of a Cyprus Airways Boeing 707 and the crew of nine seized by four gunmen at Beirut airport.

Yugoslavs jailed

Three Yugoslavs of Albanian origin were sentenced in Kosovo province to one to 12 years jail for anti-state activities and espionage.

Italian flats collapse

At least 30 people were killed when a six-storey block of flats collapsed in Castellaneta, southern Italy.

US buyers keep bourses at peaks

EUROPEAN bourses remained at record high levels, with strong U.S. demand again seen for many issues. In Amsterdam, the ANP-CBS General index advanced 0.9 to 199.4, the Zurich Swiss Bank industrial index added 2.1 to 416.7 and the Indicateur de Tendence in Paris was 0.9 higher at 198.2. Further records were set in Milan, Oslo and Vienna.

WALL STREET: The Dow Jones industrial average closed up 9.49 at 1,290.08. Section III

TOKYO was boosted by persistent buying of biotechnology and incentive-backed issues. The Nikkei Dow market average was up 73.63 to 11,940.80. Section III

LONDON gilts surged on institutional support, while equities finished firmer. The FT Ordinary index closed 5.9 higher at 989.2. Section III

STERLING was firm in London, rising 25 points against the dollar to close at \$1.1185. It also advanced to DM 3.6225 (DM 3.59), FFr 11.055 (FFr 10.95), SwFr 3.0825 (SwFr 3.05) and Y291.0 (Y289.0). The pound's exchange rate index rose to 72.0 from 71.5. In New York it was \$1.1125. Page 37

DOLLAR was also firm in London, rising to DM 3.245 (DM 3.2215), a record FFr 9.9025 (FFr 9.8375), SwFr 2.76 (SwFr 2.737) and Y260.65 (Y259.45). On Bank of England figures, the dollar's exchange index rose to a record 149.2 from 148.7. In New York it was DM 3.2435, FFr 9.8985, SwFr 2.759 and Y260.65. Page 37

U.S. MONEY SUPPLY: M1 fell \$1.9bn in the week ending January 28.

GOLD lost \$1 on the London bullion market to close at \$302. It was also lower in Zurich at \$301.85. In New York the Comex February settlement was \$299.40. Page 36

ISRAELI Finance Minister Yitzhak Modai will fly to Washington next month to request \$1.5bn aid on top of the \$1.2bn supplied for 1985 and next year's allocation. Page 3

AUSTRALIAN dollar was again under heavy pressure, with the opposition blaming the Hawke Government's alleged weakness in foreign and economic policies. Page 3

BANK OF CANADA pushed up its bellwether bank rate by 56 points to 10.31 per cent – one of the largest increases in the past four years, to reverse a slide in the Canadian dollar. Page 18

BANK OF BOSTON Corp's First National Bank of Boston pleaded guilty of Federal charges of failing to report to the government currency transfers of \$1.2bn in cash to Swiss banks, federal officials said.

BANK OF JAPAN Governor Satoshi Sumita again hinted at the possibility of Japan introducing a Lombard-type interest rate to check the slide of the yen against the U.S. dollar. Page 3

CHARTERHOUSE J. Rothschild UK financial services group, is selling its 29.9 per cent stake in stockbroker Kitcat & Aitken to Orion Royal Bank, the London merchant banking arm of Royal Bank of Canada. Page 19

CHINA'S state airline will borrow \$600m from a domestic bank this year to finance its purchase of foreign aircraft, the China News Service said.

KLM, Dutch airline which is 55 per cent state-owned, lifted its net earnings for the first nine months to Fl 338.5m (\$92.7m) from Fl 172.8m. Page 19

ALLIED CORPORATION, U.S. chemicals group, increased its net profits last year to \$488m from \$98m on sales which increased 8 per cent to \$10.7bn. Page 19

ROBERT BOSCH, West German electrical goods and car components maker, is to open a factory in the U.S. to manufacture parts for fuel injection systems. Page 20

UK has tapped business telephone calls to other countries

TELEPHONE conversations of British residents about lawful commercial and currency transactions in other countries have been officially intercepted and tapped by the UK Government on the grounds of "safeguarding the economic well-being of the UK," writes Peter Riddell, Political Editor, in London.

This previously undisclosed aspect of phone-tapping was yesterday revealed in a Government White Paper (policy document), which sets out a new statutory framework for authorising the interception of communications and safeguards against improper interception.

A Bill will be published next week, which is likely to receive its second reading in the House of Commons near the end of the month.

Mr Leon Brittan, the Home Secretary, denied that there was anything improper in the present practice, but argued that it was desirable to establish a clear statutory framework, especially after the judgment by the European Court of Human Rights last August in the Malone case that the UK law did not indicate with reasonable clarity how discretion was operated.

He stressed that the Conservative Government was not seeking to broaden the scope of existing practices, which were anyway narrower than those specified in the European Convention. The familiar grounds are national security and the prevention and detection of serious crime. In addition the White Paper refers to support of the Government's defence and foreign policies and safeguarding the economic well-being of the UK.

Mr Brittan said that the economic criteria were not new, and he emphasised that interception would only be permissible when it was for the purpose of obtaining information about events outside the country.

Officials refused to give any details, but conversations about currency transactions between London and Switzerland for instance would in theory be covered by the proposal.

The economic criterion was among the points which worried Mr Gerald Kaufman, the opposition Labour Party's home affairs spokesman, who said that his party would scrutinise the proposed legislation in case it "opens the door wider to the expansion of the Big Brother state." He said the rules could be used for party political purposes, giving the examples of taps on the phones of currency speculators or monitoring foreign contacts during the miners' strike.

Legislation proposed by the White Paper would:

- Establish strict criteria by which the Government could authorise the tapping of telephones and interception of mail.
- Establish a five-member tribunal to hear complaints and investigate possible abuses of power by the Government and its officers. The tribunal would have authority to demand compensation payments.
- Make unauthorised interception of telephone calls and mail a criminal offence carrying a prison sentence of up to two years and fines up to £2,000 (\$2,200).
- Appoint a commissioner to scrutinise the operation of the new legislation and to make a public annual report.
- Establish strict rules to prevent intercepted information getting into the wrong hands or being abused.

The White Paper showed that 352 wire taps were authorised by the Home Secretary last year; 115 by the Foreign Secretary and 71 by the Secretary of State for Scotland. The

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Background, Page 8; Editorial comment, Page 16

West German doubts on intervention stance of U.S.

BY JONATHAN CARR IN DAVOS

SENIOR West Germany monetary officials are not optimistic that the U.S. will take part in concerted intervention to depress the high-flying dollar on foreign exchange markets, even though the moment for joint action looks propitious.

Finance ministers and central bank governors of the five leading democracies, (the Group of Five), including the U.S., agreed in Washington three weeks ago to a more vigorous policy of joint intervention in the currency markets to curb speculative rises in the dollar.

The officials, speaking on the sidelines at the Davos international management symposium which ended yesterday, said they felt that if the leading industrialised countries – including the U.S. – acted together, they could push back the dollar rate sharply because the markets had become increasingly nervous.

A lower dollar, it is noted, would help to improve prospects for U.S. exports, thus easing trade protectionist pressure within the U.S. while cutting the danger of imported inflation in other countries.

The officials say, however, that while they have recently detected some lessening of the strong opposition in the U.S. Administration to currency intervention, they believe there will be little change in practice.

This is because the U.S. feels coordinated intervention might induce too strong a dollar slide, stemming the inflow of foreign funds needed to help to finance the huge federal budget deficit, the officials believe.

The Davos symposium ended with a public discussion centring on the U.S. trade and budget deficits.

Herr Karl-Otto Pöhl, president of the Bundesbank, West Germany's central bank, paid tribute to the benefits that the rest of the world had gained from the strength of the U.S. economic upswing and its import demand.

He also warned, however, that the U.S. was becoming a chronic debtor nation because of the accelerating pace of its debt servicing.

Mr Gerald Corrigan, the newly-appointed president of the Federal Reserve Bank of New York, called for an orderly, step-by-step improvement in the U.S. budget deficit.

Max Wilkinson in London adds: After the group of Five meeting European and U.S. officials said the agreement represented a step forward from the declaration of the summit powers in Williamsburg, Virginia, in June 1983 when the markets became exceptionally turbulent. Then they agreed to intervene when the markets became exceptionally turbulent.

At the Washington meeting, reference to turbulence or "disorderliness" in the markets was dropped. It was agreed then that the dollar was greatly overvalued and that official intervention might help to prevent it from "overshooting".

U.S. State of the Union speech, Page 4

Priest's killers get long sentences

By Christopher Bobinski in Warsaw

A POLISH COURT yesterday found four secret police officials guilty of murdering Father Jerzy Popieluszko, the pro-Solidarity priest, and sentenced them to long prisons terms.

Former Colonel Adam Pietruszka, 46, found guilty of instigating the murder, was sent to prison for 25 years, as was former Captain Grzegorz Piotrowski, 33, who led the group of three men who kidnapped and killed the priest. Two former lieutenants, Leszek Pekala, 32, and Waldemar Chmielewski, 29, who accompanied Mr Piotrowski on the kidnap mission, were sentenced to 15 years and 14 years in prison respectively.

The case was the first for more than 25 years in which secret policemen, Ministry's department dealing with the Roman Catholic Church, were put on open trial in Poland.

The six-week-long proceedings were punctuated by bitter attacks on the Church from both the police defendants and the state prosecutors, which were widely publicised in the controlled Polish press. Yesterday, these attacks were loudly echoed in Moscow, with a Tass news agency condemnation of "anti-socialist" and "anti-Soviet" behaviour by Polish priests like the late Father Popieluszko.

In the first authoritative Soviet comment on the Torun trial, the Tass report, printed in the national newspaper Izvestia, complained that the court evidence had shown that many Polish priests "use services of worship in their churches for political ends," and that this was "tolerated" by church leaders.

The three secret policemen kid-

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Jaruzelski mistrusted, Page 2

Mexico aims at $500m cut in public spending

BY RONALD BUCHANAN IN MEXICO CITY

THE MEXICAN Government has announced an eight-point austerity package to cut \$500m from the public sector's current spending this year, including disposal of 236 state companies.

The package was announced after a meeting on Wednesday of President Miguel de la Madrid and his economic Cabinet. The main reason behind the cuts is believed to lie more in serious overspending on last year's budget than in the need to make up for the shortfall in revenue from oil exports. The export price of Mexico's light crude was reduced by \$1.25 a barrel earlier this week.

The Government said in a statement that the aim was to "correct deviations and put the economy back on the right track."

These "deviations," diplomats say, are likely to include a substantial overshooting of the 1984 public spending targets set by the International Monetary Fund (IMF), when the public sector deficit should have been held to 5.5 per cent of gross domestic product.

The IMF agreement included a provision which allowed the deficit to be increased by a further percentage point late in the year if there was little sign of a return to growth.

That contingency money was used, said diplomats, but not to spur growth. Instead it bolstered public utilities which had incurred serious deficits, partly due to considerable underestimation of domestic interest rates at the start of the year.

As a result, central bank officials admit that the budget deficit was more than 7 per cent of GDP in 1984. The final figure could be as high as 9 per cent. The revised public sector deficit figure of 5.1 per cent of GDP, which the IMF appears ready to accept as this year's target, may be out of reach.

Brazil announced an emergency programme of public spending cuts in an effort to cool overheated inflationary expectations and to meet economic targets set by the International Monetary Fund. The cuts, which will slash Treasury disbursements by 80 per cent over the next two months, come only five weeks before Sr Tancredo Neves takes over as Brazil's first civilian President for 20 years. Page 18

The oil price cut is likely to cost Mexico \$300m over a year in lost revenue, which officials say is a manageable figure and not catastrophic.

The new package is the first time that a concrete proposal has been made to slim down the enormous size of the state sector.

It also promises to reduce restrictions on imports, which could help to make Mexican industry more competitive and reduce inflation. Last year inflation reached almost 60 per cent, compared with a 35 per cent target.

A list of the state companies to be disposed of has yet to be published, but it is safe to assume that it will not include the nationalised banks.

The other main point from the package includes an absolute ban on job creation in public administration and the nationalised banks. In addition, any non-union vacancies will remain unfilled.

Non-priority investment projects are to be frozen and administrative costs reduced in a campaign to reduce bureaucracy. Subsidies will be cut and tax collection procedures will be tightened.

Chile near to IMF deal, Page 4

Phillips says it is worth $9.6bn

By William Hall in New York

PHILLIPS PETROLEUM, which is fighting off the unwelcome overtures of some of Wall Street's most skilful corporate predators, took the unusual step yesterday of putting a \$9.6bn minimum price tag on the company.

Phillips said that while it was not seeking a "white knight" in the form of a friendly oil company, it would accept a cash tender offer at \$62 a share or better, in which all shareholders were treated fairly.

Phillips shares rose by \$¾ to \$50½ in heavy trading yesterday morning after the announcement.

The statement was made as part of the measures that Phillips is adopting to defeat Mr Carl Icahn, a Wall Street financier who made an unsolicited offer for the company at the start of the week. In rejecting the Icahn offer yesterday Phillips stressed that it did not think that now was the time for major oil companies to be "liquidated or busted-up for the benefit of speculators or corporate raiders."

The Oklahoma oil company has been battling to remain independent since early December when it received an unwelcome takeover approach from Mr T. Boone Pickens, the Texas oilman, which was said to value the company at about \$60 per share. Phillips fought off Mr Pickens and his friends by agreeing to buy back his 5.7 per cent stake at \$53 per share cash – part of a controversial recapitalisation plan which will effectively insulate it from unwelcome takeovers.

Several big Wall Street investors, however, are known to be unhappy with the recapitalisation plan, and have taken particular exception to Phillips' argument that the plan valued its shares at the equivalent of \$53 for each old Phillips share. Only Mr Pickens and his colleagues are

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Turner to broadcast 24-hour TV news channel to Europe

BY PAUL TAYLOR IN NEW YORK

TURNER Broadcasting, the U.S. television and cable news group run by the flamboyant entrepreneur, Mr Ted Turner, said yesterday that it plans to begin beaming its 24-hours-a-day news channel to Europe beginning in September.

Turner said the move was an effort to foster "peace through communication."

The Atlanta-based television group which operates the Cable News Network (CNN), a news headline service, a broadcast network called Superstation WTBS and owns the Atlanta Braves baseball team, said yesterday that it has signed seven-year agreements with Comsat, the U.S. satellite communications group, and British Telecom International (BTI) to begin live transmission of CNN "on or about September 15."

The news service will be beamed up to a satellite over the Atlantic ocean from a new "teleport" under construction in Atlanta and then back to an earthstation in the UK.

Initially the service will be provided free-of-charge for a three-month "familiarisation" period to television networks in Europe who are members of the European Broadcasting Union. Turner said yesterday that it will shortly begin a marketing effort in Europe to persuade European stations to take the service.

Turner already delivers CNN to stations in Canada and Japan where it is used by cable system operators and by networks who extract portions of the news coverage for use in their broadcast services. Turner said that it expects similar agreements and distribution in Europe.

The company, which recently raised \$200m through a securities offering in the U.S., gave no details of financing or costs of the project. CNN, which was set up in June 1980, has yet to become solidly profitable.

Mr Turner consolidated his grip on the U.S. market for 24-hour news in late 1983, however, when Turner acquired its only significant rival, the Satellite News Channel, from American Broadcasting Companies and Westinghouse Electric. Since then Turner says CNN has been "profitable at times", and has said the unit should be "solidly profitable in 1985."

The latest move comes shortly after Turner suffered an embarrassing failure with its attempt to launch a 24-hour-a-day music channel called Cable Music Channel. After only a month of operation, Turner sold the fledgling music service to rival MTV networks in November last year for \$1m after audiences fell far short of expectations.

Guy de Jonquieres in London writes: The CNN channel will be beamed across Western Europe directly from the Intelsat V satellite. Any cable television system equipped with a suitable earth station will be able to receive it.

British Telecom will handle the distribution of the service between the satellite and ground stations and will provide the Turner organisation with local support. The American company will be responsible for marketing.

CONTENTS

Chernenko's ill-health fuels further speculation over succession

BY PATRICK COCKBURN IN MOSCOW

THE ILLNESS of Soviet President Konstantin Chernenko, confirmed by the editor of the Communist Party daily Pravda this week, comes a year after he took over as leader from Mr Yuri Andropov.

Mr Chernenko has not been seen in public since December 27 and, for the third time in five years, diplomats in Moscow are speculating about the demise of a Soviet leader.

The basis for the rumours about the severity of his illness varies from the insubstantive to the non-existent, but the length of time since he last appeared implies that his health is seriously impaired. This impression will be confirmed if he fails to meet Mr Andreas Papandreou, the Greek Prime Minister, who pays an official visit to Moscow next week.

But the incapacity, or even death, of Mr Chernenko would probably not in the immediate term, lead to substantive changes in Soviet policy.

Soviet and U.S. delegations start disarmament talks in Geneva on March 12 and there is little sign of any real division within the Politburo on the stance to be adopted towards Washington.

In any case, much of the formulation and all of the execution of foreign policy is the province of Mr Andrei Gromyko who has been Foreign Minister since 1957. Ever since the death of Mr Andropov in early 1984 his authority over external affairs has looked near absolute.

In the longer term, the greatest impact of a new leader —or the continuation in office of an incapacitated President Chernenko—is likely to be on domestic economic and political policy. Change, or lack of it, in the leadership will have a serious effect on the degree to which economic reforms now being proposed are implemented.

Marshal Vasili Petrov has been appointed First Deputy Defence Minister. He was previously head of ground forces, the largest of the five sections into which the Soviet armed forces are divided.

Some reform is likely whatever happens. Economic experiments have been in the air since the last years of President Leonid Brezhnev who died in 1982. The Press is filled with trenchant accounts of economic failures and how to remedy them.

This criticism has not been reined back by President Chernenko though the reforms have been slow to move from experiment to implementation. Economic change will be testing for the Politburo whoever is general secretary of the Party and it is very doubtful if Mr Chernenko has the desire or the capacity to push through a thorough-going change in the way the economy is run.

Those who want such reforms may pin their hopes on Mr Mikhail Gorbachev, the 53-year-old Number Two to Mr Chernenko, who belongs to the post war generation of Soviet leaders who rose to power after the purges of the Stalinist years.

Born in Stavropol just north of the Caucasus, Mr Gorbachev went to Moscow University and graduated as a lawyer. He returned home to rise rapidly through the ranks of the local Party before venturing to Moscow as the Politburo's agricultural expert in 1978.

He has the gift of being in the right place at the right time. Under Mr Andropov, Mr Gorbachev liaised between the bedside of the dying leader and the Politburo while at the same time making a name for himself as the most eloquent protagonist of economic reform.

He has always emphasised greater managerial autonomy at the base of the economy, tighter control at the centre and a strong link between pay and productivity. Whether he has the political strength to match these aspirations and carry out surgery on powerful institutions has yet to be demonstrated.

Mr Gorbachev's main rival in the Politburo, Mr Grigorii Romanov has always had a more dour image. As Communist Party boss of Leningrad, he acquired a reputation for harshness and competence which remains with him.

Yet the constraints on either men exercising full authority within the Politburo, supposing they gained the leadership, are as severe as they have proved for President Chernenko. None can equal Mr Andropov's authority within the leadership or the Central Committee.

Whether their instincts are radical or conservative they would find it difficult to remove senior Party leaders. It will be important for the prospects of reform to see if there are significant changes among the 150 first secretaries of district Communist Parties who hold much of the power in the Soviet union.

The incapacity of President Chernenko has certainly not produced a vacuum in authority in the Kremlin. This is because he was originally selected as Primus inter pares in what is very much a collective leadership. It is likely to premain so whether he lives or dies.

Mr Chernenko: Not seen in public since December

Officials quit in Spanish currency scandal

By David White in Madrid

TWO SENIOR Spanish Foreign Ministry officials resigned yesterday after their names were linked to a scandal over the channelling of secret funds to Switzerland.

The Ministry said it had accepted the resignations of Sr Salvador Bermudez de Castro, responsible for relations with Spain's former colony of Equatorial Guinea, and Sr Jose Luis Pardos, in charge of international technical co-operation.

Several dozen prominent Spaniards, including well-known society figures, are alleged to have been involved in the currency network, in which legal officials claim at least Pta 2bn (£10m) is reckoned to have been illegally transferred out of Spain.

Sr Miguel Boyer, the Finance Minister, said that the evasion network may be the biggest yet detected here.

A former Spanish consul-general in Geneva, Sr Francisco Palazon, who has fund-managing operations in Spain and Switzerland, has been remanded in custody and four other people have so far been released on bail.

Princess Teresa of Bavaria, a second cousin of King Juan Carlos and a familiar figure to followers of Spain's jet set, has been called on to testify to the examining magistrate next week in connection with the case.

Amid a right-wing campaign against what are seen as "political manoeuvres," the case has provoked members of the conservative opposition to press for liberalisation of the country's strict foreign exchange control laws.

Attacks on the church have enraged many Poles, reports **Christopher Bobinski** in Torun

Trial verdicts fail to remove mistrust of Jaruzelski

THE END of the 26-day trial of the four Polish Interior Ministry men found guilty of kidnapping and murdering Father Jerzy Popieluszko, the pro-Solidarity priest, leaves a number of questions unanswered.

Much is still unclear about the background to the events of October 19 last year when the three men, Captain Grzegorz Piotrowski and his subordinates Lieutenants Waldemar Chmielewski and Leszek Pekala, kidnapped the priest and two hours later flung his body into the Vistula River. Also on trial was Colonel Adam Pietruszka, who is said to have put the other three up to the kidnapping.

The case has aroused enormous interest among Poles and copious, if controlled chunks of the courtroom proceedings have been published in the media. Arguments over why the kidnapping took place are fierce. There are three main theories.

The kidnappers themselves say they never meant to kill the priest but merely to frighten him into dropping his outspoken sermons and into telling what he knew about the Solidarity underground.

His death came "by accident" they say, and this version of events is backed both by their police colleagues and party hardliners anxious to deflect blame from themselves. It is also accepted by large chunks of the Opposition, who remember for example, the very similar kidnappings in Torun early last year of Solidarity sympathisers by Alleged Government agents.

Those who accept this view place ultimate responsibility for the death with Gen Czeslaw Kiszczak, the Interior Minister, and Gen Wojciech Jaruzelski, the party chief, for letting police methods develop so as to make illegal kidnappings of this kind possible.

The second theory is put forward by the court prosecutors and the Government, who have charged that the death was planned as a provocation inspired by hardliners inside the police and elsewhere to stir unrest and weaken Gen Jaruzelski's position.

How could the General have wanted the priest dead at a time when the country had calmed down after the July amnesty for political prisoners and was begining to open up to the West, they ask.

A third group feels the inspiration for the kidnapping and killing came from the Soviet Union. Mr Jan Olszewski, the lawyer who is representing the priest's family, supports this view.

Father Popieluszko was described in the Soviet publication Isvestia last year as a counter-revolutionary, and this signal may have been taken up by hard-line party officials who passed the word on to the secret police.

They would have reasoned that an attack on the priest would be taken in Moscow as a sign of diligence, and at the same time would present the Jaruzelski and Kiszczak leadership in a poor light.

In a sense it is in Gen Jeruzelski's interest to have arguments and speculation over all three theories and no one certain about the truth, while behind the scenes he moves to secure his position. What is clear is that some kind of assault will have to be made on the secret police, a delicate matter for Gen Jaruzelski who needs the police to enforce obedience.

If those on trial have been made scapegoats for an action ordered or hinted at from the top, then he will have to move to regain control over a discontented ministry.

If hardliners were responsible, then they will have to be dealt with discreetly to maintain the illusion of unity, an even more important consideration if there is any Soviet connection. The head of the Central Committee's Security department and his boss, the party secretary, have already disappeared from public view.

But as long as the police are needed politically, only half measures can be expected and few feel that police methods in the provinces will change.

The Catholic church, whose qualified support is still essential to Gen Jaruzelski if the country is to stay calm, understands this. The fact that the trial took place at all was probably the result of church pressure.

The trial has seen some extraordinary attacks on the church, both on the bishops and on radical priests like Father Popieluszko. These attacks stem partly from a desire to show other Eastern bloc countries that no sell-out to the church has taken place, but they also reflect the Jaruzelski leadership's horror at the church's ever-growing strength.

The attacks have incensed the bishops and contacts between church and state may be stormy for a time. But there is little sign of a fundamental break in relations.

The population at large remains mistrustful, despite the unprecedented nature of the trial. The attacks on the church enraged many and because the trial stopped short of naming those responsible at the top, few feel confident that the Government's intentions have been made clear.

The four defendants were given jail sentences totalling 79 years. From left: Adam Pietruszk received 25 years; Grzegors Piotrowski 25; Waldemar Chmielewski 14; Leszek Pekala 15

Craxi sees Italian pattern in terror wave

By James Buxton in Rome

THE NEW wave of terrorism in Europe closely follows a pattern established in Italy at the beginning of the decade by the left-wing Red Brigades, Sig Bettino Craxi, the Italian Prime Minister, said yesterday.

"Italian terrorism seems to have led the class in Europe," he told Parliament. He warned that there was reason to fear a terrorist attack in Italy, most likely in Rome, as part of the present terrorist offensive.

The Socialist Prime Minister said that the recent terrorist attacks in West Germany, France, Greece, Portugal the Netherlands and Belgium showed "a common anti-militaristic and anti-Nato pattern and ideological aims undoubtedly inspired by the Red Brigades."

He concluded from this that the Red Brigades themselves, who are known to be re-organising in Italy despite the severe defeat they suffered in 1982, would be planning to take part in the European offensive.

He also said that seven Italian terrorists had been arrested along with French extremist in a terrorist round-up in France in December.

Sig Craxi obliquely criticised France for refusing to respond to Italian requests for the extradition of Italians wanted for terrorist offenses in Italy who are known to be on the run in France. He said the Italian authorities had established that there were 117 Italian terrorists in France and believed there were 44 more.

Italy bad asked the French Government for the extradition of 120 terrorists, and was repeatedly pressing the requests but without success, he said.

France bad stated in 1982 that it would not extradite people whose offences it considered were political.

But the Italian Government, be said, believed that it must be possible to find an accommodation "between the glorious tradition which we respect, and the need to fight terrorism, which is no longer just an Italian phenomenon, and in which the French Government is now involved to the highest degree."

Sig Craxi said that the authorities were trying to track down 295 left-wing Italian terrorists, of whom at least 204 were abroad. Some 68 right-wing terrorists were being sought of whom 35 were thought to be abroad.

After France, the two countries which harboured the largest number of Italian terrorists were Nicaragua and Costa Rica. The routes the terrorists took in order to get to Nicaragua were thought to pass through Madrid and through Moscow.

The Prime Minister said that Italy has no intention of granting an amnesty to terrorists on the run.

Gibraltar deal fails to impress

By Our Madrid Correspondent

THE SPANISH Government has been accused "by" the opposition of "dropping its trousers" in dealing with Britain over the Gibraltar issue.

The attack by Sr Manuel Fraga, ebullient leader of the right-wing Popular Alliance, came after the first Anglo-Spanish talks on the future of the Rock in Geneva on Tuesday.

The opposition up to now had been surprisingly quiet about the latest bilateral initiatives and about the agreement which the two countries reached last November, enabling talks to start and Spanish border restrictions to be lifted.

Sr Fraga, who was a minister in the Franco regime in the 1960s when Spain started imposing restrictions in order to press its claim to Gibraltar, accused the Socialist Government of "deceiving the country."

It was attempting, he told journalists in Barcelona, to pretend that it had scored a diplomatic victory when it was just "giving way to all the British authorities' demands, with nothing in return."

The outburst from Sr Fraga, who spent two years as Spanish ambassador in London, was backed up by a similar attack in the conservative Madrid daily newspaper, ABC. It said Mrs Margaret Thatcher, Britain's Prime Minister, had succeeded "in getting Spain, through the concessions it has made in the guise of 'co-operation,' to pay for Britain's presence in the colony."

Violence in shipyards

A Spanish policeman was injured during violent clashes yesterdsy with shipyard workers in Gijon protesting against job cuts, Reuter reports. Police firing tear gas and rubber bullets removed barricades set up by the workers.

Meanwhile, workers at Portugal's two state shipping companies yesterday suspended a strike over closure plans after the Government agreed to discuss redundancy compensation.

Ariane space launch has dual payload

BY DAVID MARSH IN PARIS

ARIANE, the French-led space rocket, is scheduled tonight to send into orbit a unique dual payload of Third World communication satellites that might, if the launch succeeds, pave the way for more important contracts for the European space industry.

The Ariane launch, at the space centre at Kourou in French Guiana, will be the rocket's 12th mission since its first launch at the end of 1979.

If all goes well, tonight's operation should place in orbit the first Arabsat satellite built by French and U.S. companies for the Arab League. It is destined to provide telecommunications and television facilities for 22 countries throughout northern Africa and the Middle East.

It will also launch the first Brazilian national telecommunications satellite, Brazilsat, manufactured by Spar Aerospace of Canada.

Ariane has now registered six successive successful launches after two failures in May 1980 and September 1982. It has gained considerable ground over the past 12 months in its commercial battle for satellite launching with U.S. space vehicles, led by the space shuttle.

Aérospatiale, the French state-owned aerospace group, regards tonight's launch as doubly important because it is the lead contractor for Ariane and also, together with Ford of the U.S., has built the Arabsat craft under a contract, worth $135m in total, granted in 1981.

Arianespace, the commercial company that sells satellite slots with Ariane, is hoping a smooth launch will provide a solid reference leading to fresh business with national and international satellite organisations in coming years.

Carrington urges Denmark to spend more on defence

LORD CARRINGTON, Nato's Secretary General, began a two-day visit to Denmark yesterday with a call for increased spending on conventional defence, Reuter report from Copenhagen.

Denmark's low level of defence spending and attempts by opposition parties to ban nuclear weapons from the country even in wartime have aroused concern among Nato officials and are likely to figure high on Lord Carrington's agenda.

In an interview in the Danish daily newspaper, Politiken, Lord Carrington said: "There is a great desire in Nato that a little more should be spent on conventional defence, because the Warsaw Pact bloc has clear superiority here.

"It is important to understand that any decision to use atomic weapons would have to be taken much sooner if we are inferior in the conventional sphere."

Hostile reception for Mitterrand

BEAUVAIS – President François Mitterrand of France returned to the electoral campaign trail yesterday, fiercely defending his economic record, at the start of a two-day tour of northern France.

M Mitterrand, whose Socialist Party faces a strong right-wing challenge in regional elections next month, was given a hostile reception outside Beauvais city hall by Communist militants shouting: "Mitterrand, treason."

He met similar jibes throughout the day during visits to industrial plants and a job-training school.

The hostility followed a sharp attack on his Administration yesterday by his former ally M Georges Marchais, secretary-general of the Communist Party, which quit the Government in July.

Addressing local officials in the mediaeval city of Beauvais in Picardy, M Mitterrand retorted: "France today is in a better economic condition than several of its European neighbours, including Great Britain."

M Mitterrand's trip, his third in the provinces in less than two weeks, is aimed at boosting a flagging popularity badly hit by France's economic difficulties. Reuter

UN refugee chief denies bias charge

THE UNITED NATIONS High Commissioner for Refugees, Mr Poul Hartling, yesterday dismissed as political an Ethiopian charge that his agency was favouring neighbouring Sudan in distributing emergency aid, Reuter reports from Geneva.

Launching an unprecedented appeal for almost $100m for more than 1m new refugees in the Horn of Africa, Mr Hartling stressed that the UN body fulfilled a humanitarian, non-political role in helping wherever people were in need.

"If they are in need in Ethiopia, yes. If they are in need in Sudan, yes," he told a news conference. "But if one country says you should not help in another country, I think I hear a political note in that."

He was responding to remarks by Mr Kassa Kebede, Ethiopian ambassador to the UN in Geneva, who said that his government had expressed its displeasure at alleged bias against Ethiopia by the UNHCR.

Two-thirds of the $96.4m called for this year, more than treble an appeal made last month, are earmarked for an estimated 730,000 Ethiopians in Eastern Sudan.

Mr Hartling warned that, with the onset of the rainy season in June, most of the area would become inaccessible.

"It is of vital importance that basic food rations—up to some 55,000 tons—should be delivered by early April

A further $7m have been apportioned to Somalia, where the number of Ethiopian refugees has swelled by 60,000 newcomers to 760,000, according to UNHCR figures.

Ethiopia's ambassador claimed that the UN body had accepted exaggerated estimates of refugees by the governments of Somalia and Sudan.

Mr Hartling countered by saying only that UNHCR stood accused of helping one country at the expense of another.

"That we have heard before," he said. "They (the Ethiopian government) may have their reasons but I think these are political, not humanitarian."

Steelmaker takes Commission to court over scrap shortage

BY PAUL CHEESERIGHT IN BRUSSELS

THE RUNNING squabble between electric steel producers and the European Commission over scrap metal supplies has moved into the European Court of Justice.

Campsider of Milan, an Italian producer, has taken the Commission to the Court, charging it with failing to fulfil its obligations under the European Coal and Steel Treaty. It wants the Commission to be compelled to secure adequate raw materials for steel producers.

The case is actively backed by the European Independent Steelworks Association which groups the smaller, private sector companies. The association said yesterday that it had been drawing Commission attention for a long time to scrap metal problems and demanding its intervention.

The electric steel producers use large amounts of scrap metal as a raw material, but they have been hit by higher prices, denominated in dollars, and a rise in EEC exports to outside markets. Industry ministers last December told the Commission to keep an eye on the situation but ruled out any action on export control until annual exports passed the 6m tonnes level.

This situation was intolerable, especially for the mini-plants, the association said yesterday.

The Campsider action, however, is not likely to produce any immediate results. Now that it has been filed, court procedures demand first the submission of written evidence by both sides, and then oral hearings before the move to a judgment.

The action thus seems likely to be designed to raise the temperature of political discussions. Italy, Denmark, Belgium and Ireland all want export controls on scrap metal to be imposed.

Bonn rejects urgent jobs action

THE West German Government yesterday rejected opposition calls for urgent action to bring down unemployment which last month reached an all-time record of 2.62m, or 10.6 per cent of the workforce, Reuter reports

"This figure must not be allowed to stampede us into activity," Herr Martin Bangemann the Economics Minister, said. He told the Bundestag in a debate that short-term job creation or work-sharing were no cure.

Last month's unemployment figures were largaly the result of the coldest January for 22 years which shut down industires. "The underling trend on the labour markat is thoroughly favourable," he said.

Herr Bangemann said the Government regarded reducing unemployment as a central goal but was convinced this could be achieved only by steady and reliable economic and fiscal policies.

● West Germany said yesterday that tax-free cruise ships taking advantage of high EEC food prices to undercut mainland shops must spend at least two hours in international waters from June 1.

Defence row may hamper Swedish government at polls

BY DAVID BROWN IN STOCKHOLM

THE SWEDISH PARLIAMENT will vote today on a no-confidence motion involving Mr Lennart Bodström, the Foreign Minister, whose remarks at a private dinner with journalists have raised questions about the Government's commitment to the nation's official security policy.

The motion — only the second in the history of the Swedish constitution—was tabled earlier this week by the three main non-Socialist opposition parties. Since it requires a majority, the Social Democratic minister is expected to survive the challenge.

But the affair may have robbed the Government of one of its key policy planks in its uphill battle for re-election—its own dependability on security and neutrality issues and the threat posed by the opposition to the consensus on these policies in Sweden.

This week's parliamentary debate, which has been interrupted with an uncharacteristic barrage of catcalls and mud-slinging, has highlighted a new tone of political acrimony, which has accompanied the growing power of the non-Socialist opposition.

Mr Olof Palme, the Prime Minister, has described the opposition's call for the Foreign Minister's resignation as a declaration of war. "The bridges (on consensus) have broken," he cried during the debate this week.

The controversy stems from Mr Bodström's alleged rejection of the Military Supreme Command's conclusions that foreign submarine intrusions into Sweden's territorial waters had continued until late last year. These conclusions form a basis for the Government's defence and foreign policies.

The Foreign Minister is also reported to have raised the highly sensitive subject of Sweden's relations with the Soviet Union. These ties have been strained at least since 1983, when a Government-appointed commission specifically concluded that Moscow was behind several of the submarine incursions.

Mr Bodström has argued that the newspaper reports misrepresented his position. It was the nationality, not the existence of the submarines, which he had called into question, he said. In his defence, Mr Palme has made an unpopular attempt to discredit several of the publications involved, which include both of Stockholm's leading dailies.

According to Mr Ulf Adelsohn, leader of the opposition Conservative party: "It is inconceivable that six reporters could misinterpret Mr Bodström in the same way on point after point." The affair "has created a dangerous uncertainty as to where the Government actually stands."

Mr Palme's position has not been helped by the announcement this week by Mr Anders Thunborg, the Defence Minister, of his intention to leave the Government at the end of its current term. Despite his loyal public insistence that the decision has nothing to do with the Bodstrom affair, it is thought highly unlikey that the timing of his statement is lost the bigger battle; heir claim

The Prime Minister's emphasis on the opposition threat to Sweden's neutrality did not appear to convince MPs in the parliamentary debate. As Mr Thornbjorn Falldin, the former Prime Minister who leads the Centre Party, asked: "What logical connection can be drawn between our demand for a foreign minister who can articulate a consistent policy and the issue of war and peace?"

Although Mr Palme's Social Democrats can reasonably expect to win the vote of no-confidence, they may well have lost the biger battle; their claim to custodianship of Sweden's cherished policies of neutrality and security. In this year's election, that may well prove to be a disadvantage.

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Lebanon's indestructible asset finally cracks under the strain

BY RICHARD JOHNS IN BEIRUT

SINCE the outbreak of civil war in Lebanon in 1975, the country's only apparently indestructible asset has been its currency. Now even that is cracking under the strain. On Monday the Lebanese pound fell to a new low against the dollar and provoked a leading Beirut academic to predict that any further deterioration of the economy could provoke "a social explosion which will make the present anarchy in West Beirut look like a bar room brawl."

The precipitate fall in the value of the pound inevitably means higher inflation and a further decline in living standards in a country where up to 80 per cent of goods consumed are imported and where a third of the workforce is either without a job or seriously underemployed.

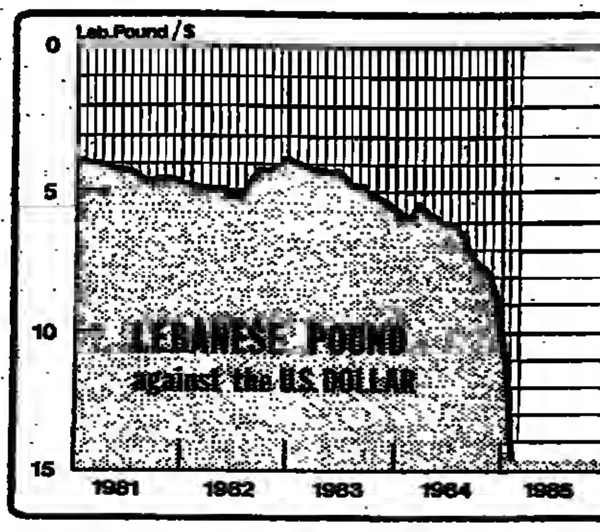
This is compounded by the failure of the euphemistically termed "Government of National Unity" to reconcile the warring factions. Until that happens the Government will be able to raise only a fraction of its revenue requirements and the Central Bank will have to continue printing money to pay the bills.

Economists and bankers here — estimate that inflation last year ran at a rate of about 50 per cent or so — about twice the official estimate.

By the middle of this year there is a real danger that Lebanon could be in the same league of hyperinflation and currency depreciation as Israel or Bolivia. But it has little chance of outside assistance unless the Government can assert itself.

In this context the bomb blasts outside three Beirut banks last weekend — claimed by the Islamic Jihad (Holy War) "Brigade for Protecting the Poor in Lebanon" — could be a dire portent. Whether the attacks were carried out by religious extremists, Left-wing agitators or any other elements in the belief that they have a vested interest in the total destabilisation of Lebanon, the explosions were a clear protest related to the remorseless depreciation of the pound which started last year and alleged speculation by banks, which should know better.

When President Gemayel was sworn into office in September 1982 following the assassination of his brother Bashir $1 was worth L£4.32. This was not an unreasonable rate considering the ravages of conflict which left more than 100,000 dead and had reduced gross domestic product by 40 per cent



in real terms before the Israeli invasion.

The average rate of depreciation of the pound up to the end of 1982 was "about equal to the difference between domestic and foreign rates of price inflation," according to Dr Nasser Saidi, a Lebanese Professor of Economics at Geneva University.

However, the fatal blow was delivered in February last year when the Shi'ite and Druze militias wrestled control of West Beirut from the army — splitting it in the process — following six months of curfew and heavy-handed authority from the essentially Christian-directed force.

In 1983, exports dropped by half and net income from services was down by 40 per cent. Weapons purchased after President Amin Gemayel's accession to power at a cost of $1bn had already been a major drain on public finances and are estimated by his opponents to have caused $2bn worth of damage.

Be that as it may, the confidence—shattering events nearly a year ago occurred as remittances from expatriate Lebanese began to dry up. The recession set in in the Gulf and expatriate Lebanese showed their declining faith in their country's future by placing reduced savings elsewhere.

Lebanon's balance of payments, perennially in surplus until 1982, sustained a deficit of $530m in 1983 and one of $1.4bn in 1984. Last year the Central Bank's foreign exchange reserves dropped by $1.2bn with the decline almost wholly accounted for by $520m used in currency support operations and $763m to meet the Government's foreign exchange requirements. That left $620m at the end of last year, only enough to cover public sector imports of fuel, wheat and sugar until the early summer with nothing to spare for any more support of the pound.

Last week reserves were down to $350-400m, according to Mr Daoy Chamoun, son of Finance Minister Mr Camille Chamoun and deputy leader of his National Liberal Party, who cited his father as his source.

With commodity imports running at $60-70m a month, the reduction lends credence to the belief that the Government is still using foreign currency to buy weapons.

In December, the International Monetary Fund advised the Central Bank to stop providing foreign exchange to pay for public sector imports. No other source of dollars is immediately in sight.

Lebanon's gold reserves of 9.2m ozs remain sacrosanct, the only cover for the battered pound. Equally critical is the Government's financial position. In 1984, its deficit was L£6.18bn, almost as much as projected expenditure. It was covered by a L£6bn increase in borrowing from the Central Bank and a L£3bn net rise in outstanding treasury bills now giving a 16 to 18 per cent interest rate payable upfront.

Their sale has been made possible by excess of liquidity of the banks lacking other sound lending opportunities. But even at such yields they are becoming reluctant to subscribe. The fact is that revenue in prospect this year may well not be sufficient to redeem Government paper and interest on it.

Control of the ports is of fundamental importance and at the heart also of the underlying political malaise. Last year Customs duty should have brought in about L£3bn but receipts for the state were only about L£400m because the bulk of imports passed through the "illegal ports"—Sunni Moslem dominated Tripoli in the north, Jounieh in the Christian heartland and, until recently, Beirut port's fifth basin.

If a coherent will to save the situation could be formulated then it might just be possible to mobilise the necessary financial aid and balance of payments support required, in particular the $1.6bn pledged in 1979 by the Arab oil producers but never paid. Other development funds pledged by Western European donors can be of little use in the short-terms.

All saoe Lebanese aware of the basic economic facts agree that there can be no salvation without a political solution and the restoration of security in all areas theoretically under Government control. At this crucial juncture, meanwhile, any major outbreak of civil strife from the first phase of the Israeli withdrawal from the area around Sidon could wreck the prospects of a lasting reconciliation for ever and reduce Lebanon indefinitely to desolate Third World poverty.

Israel will seek more emergency U.S. aid

By David Lennon in Tel Aviv

ISRAELI Finance Minister Yitzhak Modai will fly to Washington early next month in search of urgently needed U.S. economic assistance to offset the crippling drain on the country's foreign currency reserves.

Mr Modai will urge the U.S. to provide Israel with $1.5bn in emergency supplemental aid, in addition to the $1.2bn economic aid already provided for this year and the regular allocation for the next U.S. fiscal year, which starts in October.

Israel received the economic aid grant of $1.2bn for 1985 in early November. This temporarily relieves pressure on the foreign currency reserves, but three quarters of that aid has already been drained from the reserves by Government spending.

Today, the reserves stand at $2.3bn, but if they keep dropping by nearly $300m a month they will be dangerously low within three months, and this will seriously hamper Israel's ability to renew its credit lines.

Mr Efraim Dovrat, a deputy director-general of the Treasury, said yesterday that he believed there was a good chance that Israel would receive emergency economic aid from the U.S. "There are some specific expressions by leading U.S. politicians about their readiness in principle to grant the aid needed."

About 90 per cent of the outflow of foreign currency is caused by servicing and repayments of the country's foreign debt of some $20bn and the current budget deficit. Most economists doubt that the Government's steps this week to curb the private sectors use of foreign currency will have much impact on the reserves situation.

Doubts over Hawke judgment puts A$ under pressure

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN dollar was again under heavy pressure yesterday, as the Opposition blamed the Hawke Government's alleged weakness in foreign and economic policy areas.

"Mr Hawke's total cave-in to the socialist Left (of the Australian Labor Party) on the MX missile issue has thrown doubt on the government's capacity to handle any future policy challenge from the Left," said Mr John Moore, Opposition Treasury spokesman, in a statement.

The Australian dollar closed at U.S.$0.7685 after plumbing a new record low of US$0.7630—a fall of more than 4 cents since last Friday.

In addition to the strength of the U.S. dollar, the local dollar has been hit by adverse sentiment stemming from widespread questioning of Mr Hawke's political judgment and authority following his MX U-turn in Washington this week.

The Prime Minister, was savagely criticised yesterday by Senator Don Chipp, leader of the Australian Democrats, who said he believed Mr Hawke had made a "horrid deal" with the U.S. so as to extricate Australia from its planned monitoring role in MX missile tests.

The Democrats, who are fiercely anti-nuclear, control the Australian Senate (Upper House)—a fact that illustrates the hard time facing Mr Hawke on his return to Australia.

Thanks to sympathy in Washington, Mr Hawke has withdrawn from the MX tests, without incurring the displeasure of the U.S. Government.

"1 believe a horrid deal has been made," said Senator Chipp. "There is something here that stinks."

When Parliament resumes on February 21, the Democrats will table a private members' Bill aimed at banning visits by nuclear armed or powered ships to Australian ports.

Meanwhile, confidence bas been further undermined by work bans on the part of three Civil Service unions angered by rejection of an 8.3 per cent anomalies wage claim.

Mr Ralph Willis, Minister for Industrial Relations and Employment, may issue suspension orders today if the unions refuse to work normally.

Mr Willis said the Government would not reach wage agreements outside the central arbitration process. "To do so would be an open invitation to unions and employers all over the country to agree to increases outside the national wage guidelines, and would totally destroy the wage indexation system and the prices and incomes accord.

More than A$1bn (£690m) in Government revenue is being held up by the work ban.

Another factor affecting confidence is the Government's decision to dispense with M3 monetary targeting, at least for the time being.

Tambo issues stern rebuff to Mandela freedom offer

BY ANTHONY ROBINSON IN JOHANNESBURG

MR OLIVER TAMBO, president of the African National Congress, has delivered an uncompromising reply to tha recent offer by South African President P. W. Botha to release Mr Nelson Mandela and other imprisoned ANC leaders provided they renounce the ormed struggle and agree to abide by the existing laws of South Africa.

In an interview nublished by the Zimbabwe Herald, Mr Tambo said the ANC demands the unconditional release of Mr Mandela and other leaders as the pre-condition for starting talks. Furthermore, the ANC would continue to wage the armed struggle throughout any such talks until the apartheid system itself was removed.

Mr Tambo ia a banned person under South African law and os such his views may not be ouoted in the South African Press without o specific waiver by the Minister of Law and Order. Such is the importance of Mr Tambo's statement that Mr Louis le Grange, the Minister, did waive the ban in this case and the interview figured prominently on the front pages of South African newspapers yesterday.

In the interview, Mr Tambo insisted that, in the ANC view, there was no alternative to armed struggle because all peaceful alternatives bad failed in tha past.

"Therefore, we say, to remove the armed struggle the regime should first remove apartheid which is the cause of it."

Mr Tambo odded that the only new feature of President Botha's recent offer was tbe proposal to release Mr Mandela into South Africa and not into the Transkei "Bantustan." He recalled that Mr Mandela had consistently refused to consider release under conditions which would have "endorsed and recognised the so-called independent Bantustans."

By now Pretoria should have realised that Mr Mandela was a man of atrong principles and that, if they wanted to talk to him about the struggle, then they will bave to talk to him as a free man, Mr Tambo said.

He dismissed recent Government initiatives (to recognise the permanence of more than 10m blacks in urban areas and offer them enhanced property rights and a new non-statutory political forum) as being "built on the crumbling foundations of aportheid." As such they constituted "merely onother idea for Bantustans in the urban areas."

Sudanese exchange curbs

SUDAN'S Central Bank yesterday ordered the closure of all privately owned foreign exchange offices and restricted transactions to authorised commercial banks as part of measures to stem the slide of the Sudanese pound on the free market, news agencies report from Khartoum.

The currency, officially valued ot 1.30 to the dollar, haa fallen on the free market from 3.00 to the dollar in early January to 4.40 on Wednesday.

Tbe free market is tbe main source of hard currency for the country's private sector, but the pound has continued to fall because, according to bankers, of speculation following a loss of confidence in the economy and a seasonal drop in revenues from cotton, Sudan's main hard currency earner. Severe drought and a big influx of refugees from both Ethiopia and Chad has severely hit the economy, already burdened with a $9bn dollar debt.

Japan may introduce 'Lombard rate'

By Jurek Martin in Tokyo

FOR THE second time in two days, Mr Satoshi Sumita, governor of the Bank of Japan, has hinted at the possibility of Japan introducing a Lombard type interest rate in order to check the slide of the yen against the dollar.

In parliamentary questioning yesterday, he immediately qualified his remarks by asserting that the time was not right to employ devices to guide domestic interest rates higher. Earlier in the week, he had stated be had no intention of using monetary policy, in other words bigher interest rates, to help stabilise the yen.

A Lombard rate, as used in West Germany, allows the central bank to lend to customer commercial banks at, if necessary, higher than the prevailing discount rate, which currently stands at only five per cent.

Most analysts here believe that Mr Sumita's hint of higher interest rates was more of a psychological gambit aimed at the foreign exchange markets. The Ministry of Finance, which would have to approve any such action, has made it clear it is dead set against any general interest rate increase.

Mr Sumita's remarks were given extensive play in the Japanese media yesterday. In the event, the yen opened at 260.45 to the dollar, following the previous day's New York trends, and moved in a narrow range all day, before closing at 260.15, down .40 compared with Wednesday. Opinions were divided on whether or not Mr Sumita's comment had had any impact.

Takeshita in bid to succeed Nakasone

By Our Tokyo Correspondent

MR NOBURO TAKESHITA, Japan'o Finance Minister, yesterday as good as declared his formal ambition to become the country's Prime Minister.

He did so at the inaugural meeting of a group of supporters in quintessential Japanese allegorical style, never mentioning exactly what he intended bnt speaking of his "burning passion" and determination "to work for the rest of my life" in pursuit of this unstated goal.

It is not clear when Mr Takeshita and his otber rivals will get their crack at succeeding the incumbent party leader and Prime Minister, Mr Yasuhiro Nakasone. His current and technically last two-year terms as head of the Liberal Democratic Party does not expire until November next year, but the party is, even by its own exotic standards, unusually rife with intrigue at present.

Yesterday's auspicious occasion, which some Jopanese analysts see as marking the beginning of a major power and generational shift inside the LDP, took place in the offices of Mr Takeshita's mentor and the country's chief power broker, Mr Kakuei Tanaka, the former Prime Minister.

Kim on way home

SOUTH KOREAN dissident Kim Dae-Jung arrived in Tokyo yesterday for an overnight stay en route to Seoul from exile in the U.S., Reuter reports from the Japanese capital. Mr Kim, a former presidential candidate and leading opponent of the South Korean Government, is to arrive home today, only four days before national elections.

Shops shut, curfew imposed on West Bank

BY OUR TEL AVIV CORRESPONDENT

ISRAEL has imposed collective punishment at various places on the occupied West Bank in retaliation for attacks by the Palestinians. A curfew has been imposed on part of the Dehaishe refugee camp alongside Bethlehem and shops have been forced to close in Hebron and El Bireh.

The Israeli Cabinet early this week decided to react more fiercely to disturbances and attacks which claimed two Israeli lives in the last seven days.

The curfew in the Dehaishe and the closure of some shops in Hebron are in response to stones thrown at Israeli vehicles. The shops in El Bireh, north of Jerusalem hove been closed since the beginning of the week, when an Israeli soldier was shot dead in the town.

In sonthern Lebanon yesterday, Israel reported two attacks on the south Lebanon militia, a mainly Christian force armed and trained by Israel.

Business in most of South Lebanon was paralysed by strikes called yesterday by the Moslem community in protest over Israeli retaliatory actions in the wake of Tuesday's car bomb attack on an Israeli military convoy.

Blazing tyres and makeshift barricades blocked roads into Sidon, the south's main city. Streets in Sidon and the port city of Tyre were deserted but security officers said there were noisy protests in other Shi'ite towns and villages.

The officers said Christian villages near Sidon joined the strike as the city's Archbishop Ibrahim Helou and Moslem leaders condemned "arbitrary Israeli practices," saying Israel was trying to stir up sectarian strife.

Hundreds of Israelis yesterday swept into Palestinian and Shi'ite areas near Tyre, amid sounds of heavy shooting, in an anti-guerrilla sweep in which Lebanese security officers said dozens of suspects were held.

The President's promise of a 'second American revolution' in his State of the Union address has drawn mixed responses

Fancy flights of oratory win acclaim for the old master

By Reginald Dale, U.S. Editor in Washington

LONG ON rhetoric, short on reality. That was how Democratic Senator Paul Sarbanes of Maryland succinctly summed up President Ronald Reagan's glowing State of the Union address on Wednesday night—a ringing call for a "second American revolution." Unaccompanied by more than a passing reference to the sacrifices that it might entail.

"Vintage Ronald Reagan," said one White House official smugly as the old master delivered another virtually flawless television performance before the traditional joint session of Congress. Once again, just as in last year's election campaign and in this year's inaugural address, Mr Reagan's vision was of a bright, still young America, in which "anything is possible if we have the faith, the will and the heart."

On his 74th birthday, even the most sullen of Democrats in the packed Chamber of the House of Representatives was ready to humour a man they acknowledge to be one of the most popular presidents of modern history. At the end of the speech, Mr Reagan was summoned back to the podium to be presented with a large, bluish-green birthday card and the assembled Republicans and Democrats joined in a short chorus of "Happy birthday to you."

It was said to be the seventh time he had heard the serenade in the course of the day. For what must also have been at least the seventh time, Mr Reagan delivered his now time-honoured response—the 35th time he had been 39 was "the happiest of all," he said.

As his admirers have now come to expect, Mr Reagan capped his final oratorical flourishes with the introduction to the nation of two more "American Heroes." The first of this year's crop was a young Vietnamese woman, Jean Nguyen, who fled Saigon for the U.S. ten years ago, without money, possessions or a word of English. In May, said a proud and fatherly Mr Reagan, she would graduate from West Point.

The second, who received an even warmer ovation, was a 79-year-old black woman, Mother Clara Hale, whose life is devoted to the care of the children of drug addicts in Harlem. "Showbiz," said the Democrats, with more than a touch of grudging admiration.

It seemed to be no coincidence that neither of this year's heroes was white or male. One of Mr Reagan's main chosen themes was the need for a drive to endow the nation's ethnic and other minorities with "full economic power." He gently chided Mr Tip O'Neill, the veteran Democratic house speaker, perched on a chair above and behind him like a judge in a Hollywood courtroom, for Congress's dilatoriness in approving his plan for enterprise zones in depressed inner cities.

Vice President George Bush (left) and Speaker of the House, Tipp O'Neill applaud the President as he prepares to deliver his address to a joint session of Congress.

While not one of Mr Reagan's proposals for the "forgotten Americans" were new, their prominence in his speech was clearly designed to try to counter the charge that his policies discriminate against the poor and the blacks, who voted by nine to one against him in November.

But he made no reference to the latest black cause — "freedom" for South Africa. That was left to a group of about 1,000 anti-apartheid demonstrators who surrounded the capitol with a "circle of conscience" as he spoke, to try to cash in on some of the attendant publicity.

Mr Reagan, as usual, was disinclined that there was much wrong with an America that his policies had restored to its rightful place as leader of the Western world. "Day by day, we are shattering accepted notions of what is possible. In Europe, they call it the 'American miracle'," he said.

Instead, Mr Reagan chose to pursue his past theme of "American renewal," of a nation turning again to the old values of "faith, freedom, family, work and neighbourhood," and the tough on crime, anti-abortion conservative morality that he hopes will be one of his principal legacies.

While he sang the praises of freedom and opportunity, and in particular the virtues of his planned tax reforms, he paid little attention to the budget deficit—even less, it turned out, than his Republican colleagues in Congress would have liked.

Skating over the painful cuts in domestic spending he had called for in his budget only two days before, Mr Reagan chose to single out only his plan to end subsidies for the Amtrak railway system—not an item of pressing concern to many Americans—which he said cost the taxpayer about $35 per passenger every time an Amtrak train left the station. There was no mention of the much more grievous austerity that he wants to inflict, for example, on the nation's students, and only a passing reference to the "great financial distress" being suffered by the farmers.

Mr Reagan did not indulge, as he has in the past, in much Democrat-bashing — largely it seems, because he believes that the opposition is in total disarray anyhow. If that was indeed his view, the Democrats obligingly went out of their way to back him up in a 30 minute response to his address aired on most TV channels shortly after he had finished speaking. The ABC network decided that the most appropriate sequel to the peak time Reagan Show was the latest episode of Dynasty.

The Democrats spent $180,000 on their film, in which an attempt at slick TV packaging, introduced by soft rock music and reminiscent of some of Mr Reagan's own campaign advertisements, appeared to have taken priority over substance. As the viewer looked in on a series of discussion groups for young, mainly white Americans around the country, a number of up and coming Democratic stars disarmingly delivered what amounted to a public confession of the party's past mistakes, and a promise to do better in future.

The Democrats insisted that they were "alive and well" but they were distinctly muted in their criticism of Mr Reagan, and some of them even sounded a bit like him as they made the case for limited government.

The Democrats, said one commentator, reminded him of the "me, too" Republicans of a generation ago, when they tried to climb on to the handwagon of the Democrats' New Deal policies. Now, he said, we have the "me too Democrats."

The most striking aspect of the Democrats' view of themselves was that it included not a single mention, not one shot, of their champions of last year's elections—no Walter Mondale, no Gary Hart, no Geraldine Ferraro, no Jesse Jackson—not even a glimpse of Teddy Kennedy.

Asked about the notable absentees, Mr Tony Coelho, the House Democratic campaign committee chairman, replied: "We don't disavow anything, we just look to the future." That, of course, was just what the 74-year-old Mr Reagan had been doing himself, with rather fancier flights of oratory. It was far from clear that, on the strength of their own performance, the Democrats had a particularly uplifting alternative to offer.

Congress presented with agenda for action

By Nancy Dunne in Washington

IN HIS CALL for "a second American revolution," President Reagan presented Congress with an agenda for action which stressed tax reform, economic growth, federal government shrinkage and a strong defence. The proposals included plans for:

● A tax simplification plan, which would not raise total revenues or jeopardise the home mortgage interest deduction popular with the middle class. It would set the top personal rate of tax at no more than 35 per cent "and possibly lower," exempt the poor from Federal income tax, and increase exemptions for families. Corporate tax rates would also go down "while maintaining incentives for capital formation."

● Assistance for the urban poor which would "stop spreading dependency and start spreading opportunity," including enterprise zones to provide tax incentives in depressed city areas, a lower minimum wage for teenagers, job training, and encouragement for low income public housing residents to own and manage their own dwellings.

● A slowdown in the growth of the major government health-care programmes (Medicare for the aged and Medicaid for the poor).

● A constitutional amendment requiring a balanced federal budget.

● A freeze in federal government spending for 1986 at 1985 levels.

● A two year trial of the "line item" veto allowing the President to reject individual spending items.

● Continued growth in defence spending, including the MX missile and a Strategic Defence Initiative, or "Star Wars" technology, aimed at finding a non-nuclear defence against ballistic missiles.

● Support for the "freedom fighters" opposing the elected government in Nicaragua and continuation of "all facets of assistance to Central America."

● A permanently manned space station for the U.S. and its friends, providing "new opportunities" for medical and technological advances.

● Elimination of costly government subsidies, including those for the Amtrak train system and the farm programme.

● Continued reduction of government red tape and regulations, including full deregulation of natural gas and further deregulation of the bus, railroad and trucking industries.

● Extra "merit pay" for deserving teachers.

● A constitutional amendment on school prayer and Congressional action against abortion.

● Expansion of the "superfund" programme to clean up hazardous waste sites.

● Legislation easing constraints on police officers in acquiring evidence legally submissible in courts and widening the use of the death penalty "where necessary."

● A new round of negotiations this year to lower trade barriers.

● Economic aid to the underdeveloped nations including a "practical programme of trade and assistance" with U.S. allies to develop "a practical programme of trade and assistance that fosters economic development through personal incentives."

Superb delivery rouses Wall Street

THE PRESIDENT'S optimistic State of the Union message received a lukewarm response from Wall Street's economic and market gurus yesterday. But investors piled into the equity market, trading more than 152m shares and sending the Dow Jones industrial average up by 9.49 to 1,290.08 within three points of its all-time record, writes Paul Taylor in New York.

The gain in stocks, however came as bond prices sank, leaving most analysts puzzling over the markets' reactions and suggesting that it was the tone of the speech rather than the content that found an echo in the markets yesterday.

Once again it was the President's "polished performance," not his message's contents, which attracted most comment among Wall Street's senior economists and traders.

"I did not see anything very memorable," said Mr Bill Griggs of Griggs and Santow, the Wall Street investment advisory firm. "But the delivery was superb."

Mr David Jones of Aubrey Lanston added: "In terms of the bond market the President's comments caused hardly a ripple."

Many senior economists, like Mr Griggs, saw the President's comments as more of an "expression of philosophy than an agenda" and virtually all expressed doubts about whether his remarks did anything to raise the prospects of meaningful Congressional action on the Budget deficit issue—a key market concern.

They noted that the President's re-emphasised hard line against tax increases or defence spending cuts made the prospect of significant progress on the deficit front less likely and they poured scorn on his suggestions that the U.S. could "grow its way out of the deficit problem."

"That idea is absurd," said Mr David Jones. "Not one reputable economist I have spoken to believes that."

Nevertheless, some economists saw the President's speech as an attempt to encourage the markets.

But Mr Fabhri also cautioned: "He is building up big expectations in the market, therefore he also runs the risk of a big downside effect if it does not come off."

Wall Street also noted that the President's speech bore several hallmarks of the immediate impact Mr Donald Regan is having in his new role as White House Chief of Staff.

In particular, they noted that the President appeared to be "setting the Federal reserve Board up" as a potential "fall guy" if the economy turns sour.

However, there were some more positive reactions from some on Wall Street.

Mr Newton Zinder, a senior vice president at E. F. Hutton, noted that there had been some concern in the markets ahead of the President's speech about the proposed tax changes but said "there was nothing too specific in the State of the Union message so people were relieved on that basis."

Mr Theodore Halligan, first vice president at Piper Jaffray and Hopewood added: "President Reagan's reaffirmation that the old-fashioned virtues of family, home and hard work are alive and well, and that Americans working together can solve domestic and world problems should give a healthy shot in the arm to investors."

By the close yesterday, Wall Street traders were still generally attributing the Dow advance to factors other than the President's speech. They also noted that the Treasury long bond was marked down sharply in late trading when it appeared that the Treasury auction had not gone as well as expected.

Tax reforms in the limelight as budget cuts take a back seat

By Stewart Fleming in Washington

PRESIDENT Ronald Reagan appeared to raise fundamental reform of the American income tax system to the top of his domestic economic policy agenda in his State of the Union address on Wednesday night, a move which is raising new doubts about the depth of his commitment to the budget message he sent to Congress earlier this week calling for painful action to cut the federal budget deficit.

Leaders of the President's own Party in Congress, who are facing the prospect of piloting unpopular budget cuts past the massed ranks of lobbyists who provide millions of dollars to finance their local election campaigns, promptly registered their dismay with the President's decision not to provide more support for the budget deficit reduction task they face.

Senator Robert Dole, the Republican majority leader in the Senate, remarked "I would have stressed it (the budget deficit) a bit more but you can't talk about everything every time I guess." Senator Pete Domenici, chairman of the Senate Budget Committee regretted that Mr Reagan did not put more emphasis on budget-cutting in his address.

Mr Dole and Mr Domenici have been leading the efforts of Senate Republicans to construct a more politically acceptable budget deficit-cutting package than the President's proposals. But they failed to meet their February 1 deadline for putting together a more ambitious set of deficit reduction measures and Mr Reagan has provided them with no firm support for the continuation of those efforts.

The political calculations which went into the President's decision to sidestep the controversy about budget cutting are not difficult to divine.

By concentrating on his economic record and on the popular cry for reforming a tax system which most Americans believe is both unjust and too complicated, Mr Reagan was able to strike an economic policy theme which fitted neatly into the soaring rhetoric surrounding his call for a "second American revolution" which would unleash a new burst of entrepreneurial creativity in an America which he described as "an industrial giant reborn."

"Together we can pass this year a tax bill for fairness, simplicity and growth making this economy the engine of our dreams and America the investment capital of the world," the President said—apparently unconscious of the fact that this is the year when the twin budget and current account deficits the U.S. is running are sucking foreign capital into the country at a pace which will transform the nation into the world's biggest debtor within the next two years.

The focus of the President's address on these themes also left his Democratic Party opponents still waiting for Mr Reagan to present them with the opportunity they have been impatiently waiting for, namely the chance to make the President pay for his decision to propose budget cuts which would strike at subsidies for federal programmes for the middle class, the elderly and the sick.

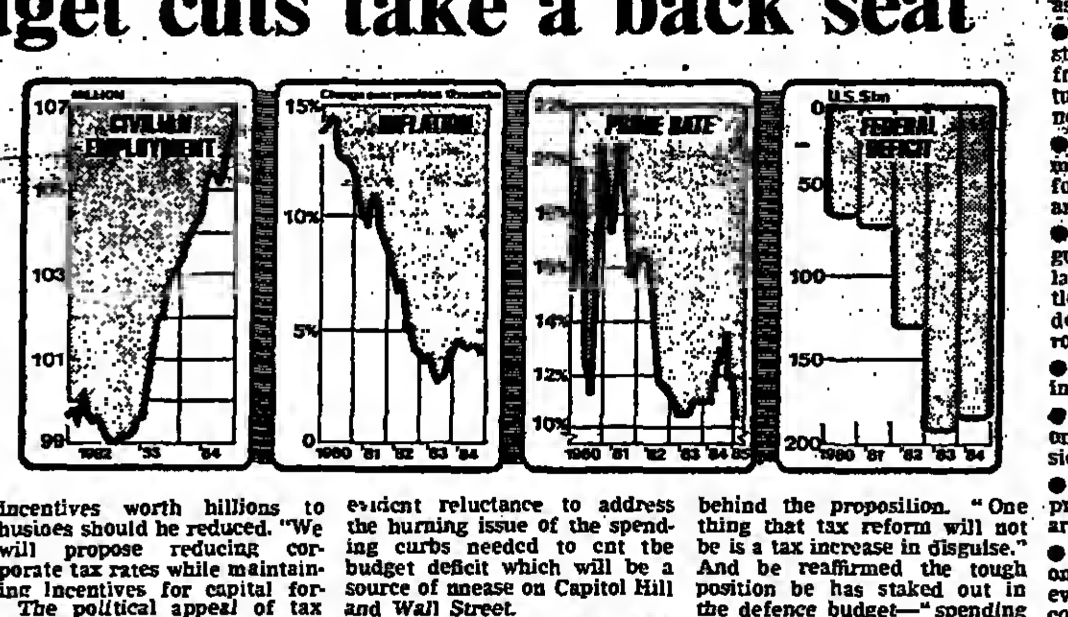
Mr Tip O'Neill, the Democratic speaker of the House, was once again forced, metaphorically, to wring his hands in frustration afte rthe President's speech for Mr Reagan had given his opponents no easy targets to fire at.

"Tonight President Reagan spoke beautifully of his programme and the future he believes it promises . . . tonight was a night of eloquent generalities," Mr O'Neill said before expressing the forlorn hope that "tomorrow he must begin to inform the people of the sometimes difficult realities of the Reagan revolution."

Even on the tax reform topic, a subject which has united a diverse and powerful range of interest groups in opposition to the initial proposals the Administration has floated, Mr Reagan contented himself with going over old ground in vague terms.

Thus he associated himself with the most popular and superficially appealing elements of the tax reform proposal floated by the Treasury last November such as the proposal that the top rate of income tax should not be higher (and may be lower than 35 per cent), the rejection of any move to end tax relief on home mortgages and the aim of exempting individuals near the poverty line from income tax.

He glossed over the fact that the tax reform plan would reduce the value of mortgage interest deductions, and that marginal rates of tax for the poor would remain outrageously high. But he hinted at an accommodation with the powerful business interests lining up against the Treasury's suggestion that investment incentives worth billions to business should be reduced. "We will propose reducing corporate tax rates while maintaining incentives for capital formation."



The political appeal of tax reform is clearly tempting to the President and he has now a man in the Treasury, Treasury Secretary Mr James Baker, with an unrivalled reputation as a shrewd deal-cutter who may be able to refashion the Treasury tax reform plan left by his predecessor Mr Don Regan in a way which will divide the powerful opposition lined up to the initial proposals.

But it is the President's evident reluctance to address the burning issue of the spending curbs needed to cut the budget deficit which will be a source of unease on Capitol Hill and Wall Street.

"The best way to reduce deficits is through economic growth," Mr Reagan told his audience. He also reminded them that "each added percentage point per year of real GNP growth will lead to cumulative reduction in deficits of nearly $200bn over five years. He warned the Federal Reserve Board against keeping interest rates artificially high or needlessly holding down growth.

He put all his authority too behind the proposition. "One thing that tax reform will not be is a tax increase in disguise." And he reaffirmed the tough position he has staked out in the defence budget—"spending for defence is investing in things that are priceless: peace and freedom."

If there is a budget compromise aimed at reducing the deficit which Mr Reagan is ready to embrace there was no hint of it on Wednesday night. Congress and the world is being left on tenterhooks by a shrewd negotiator who is keeping his hand well hidden knowing that his opponents have no option but to reveal theirs.

Head of Brazilian shipbuilding group commits suicide

BY ANDREW WHITLEY IN RIO DE JANEIRO

SR PAULO FERRAZ, the president and principal shareholder of Companhia Comercio Navegacao, CCN, one of Brazil's leading shipbuilders, killed himself yesterday morning.

CCN's accounts are being investigated by a government commission as part of a wide-ranging inquiry into the use of Government loans and federally backed bank credits advanced under the country's $3.3bn (£2.9bn) Second Naval Construction Programme.

Senor Ferraz, who was 61, was a dominant figure in the fast growing Brazilian shipbuilding industry for over two decades. Under his control his group grew into a nine-company empire which included a wholly-owned shipping line Mercanil and a half share in a bulk cargo company CBTG.

Under licence from Austin & Pickersgill of the UK, CCN built 43 general cargo vessels of the SD 14 type with a dead weight of 15,000 metric tonnes for Brazilian carriers.

But in recent years the Rio de Janeiro-based shipyard has been losing money steadily. It has shown a profit only once in the last five years and faces a complete shutdown after July if new orders fail to appear.

Its problems have been complicated by the official inquiries under way in Brazil into both the shipbuilding industry's accounts and the activities of Sunamam, the former merchant marine authority responsible for financing the national shipbuilding programme, now coming to an end.

CCN is believed to have had the largest foreign debt outstanding—put unofficially at $245m—and Sr Ferraz acknowledged to the Financial Times last week his concern over the issue.

Pending the outcome of the Sunamam investigation, which is looking into irregularities in the use of funds, Petrobras, the state oil company, recently announced that it had suspended negotiations with Brazilian shipyards for the construction of eight new vessels worth $295m. Three of these had been earmarked for CCN.

Control over the group has been taken over by Senor Helio Paulo Ferraz, 38, the former president's son, who had been vice-president of the group.

New York court to hear Bhopal cases

By Terry Dodsworth in New York

A PANEL of U.S. judges has decided that pre-trial hearings into damages claims relating to the toxic gas disaster at Union Carbide's Bhopal plant in India will be heard in a New York Federal Court.

The judges' decision brings together 18 of the 39 suits known to be outstanding in the U.S. against Union Carbide. Others are likely to be consolidated later under a system which lumps claims together to simplify the legal proceedings.

The judges said the Southern District of New York was an appropriate location for pre-trial litigation because Union Carbide was incorporated in New York.

Union Carbide said that it fully supported the judges' decision—and expected that shareholder suits, which are also claiming damages against the group, will be consolidated in the same place.

The initial litigation in the case is expected to centre on the issue of whether it is appropriate to hear the damages claims in the U.S. Legal opinion is sharply divided on this issue, with many lawyers arguing that precedents suggest the case should go to the Indian courts.

By the beginning of this week, a total of 39 civil suits had been lodged against Union Carbide in the U.S.

Latin American debt crisis 'not yet over'

BY ROBERT GRAHAM IN SANTO DOMINGO

PRESIDENT Salvador Jorge Blanco of the Dominican Republic warned yesterday of a "dangerous" sense of relief among some international banks and industrialised countries that the Latin American debt crisis was in the process of being resolved.

Inaugurating the third Ministerial meeting of the 11 countries in the Cartagena group of Latin American debtors, President Blanco said some progress had been made in debt re-negotiation, but the crisis was continuing. He insisted it was essential to fight against "the full sense of optimism" before it was too late and social pressures were unleashed that could undermine democracy in the region.

These comments had a special poignancy since the Dominican Republic in the past 14 months has seen some of the worst social unrest resulting from economic austerity and implementation of International Monetary Fund policies.

Since last week the Dominican Republic has been hit by a wave of strikes and shop closures that has left many businesses in Santo Domingo paralysed in protest over sharp price increases.

The Cartagena group, which first met last June, consists of Argentina, Bolivia, Brazil, Chile, Colombia, Mexico, Peru, and Dominican Republic, Ecuador, Uruguay and Venezuela. Their combined debt is almost $350bn (£312bn).

Two days of discussions between Finance and Foreign Ministers began yesterday to consider a series of technical reports that review the latest rescheduling agreements reached by Argentina, Mexico and Venezuela, new approaches to dealing with the IMF and a detailed appraisal of moves to persuade the U.S. to forgo its reluctance to raise the World Bank's capital.

The ministers will also decide on how to proceed with earlier proposals for a summit with the industrialised countries. It seems certain they will wait until the IMF interim committee and the World Bank Development Committee meet in April.

The mood here among the delegation has lost much of its initial rhetoric and even those countries considered radical, like Argentina, Bolivia and Peru realise that they cannot impose their views easily on the industrialised countries and the international banking system.

Nevertheless, they all reflect the sentiments of President Blanco. A report circulating here on Latin America's economic performance last year shows that production per capita in 1984 was 9 per cent below that of 1980 and on a same level as 1976.

Peru raises import duties

THE PERUVIAN Government has increased import duties by between 1 and 10 points on all merchandise except basic inputs for the pharmaceutical industry and products which pay less than 10 per cent of their CIF value, especially basic foods, Doreen Gillespie in Lima writes.

Equipment for reconditioning the obsolete fishing fleet and kits and vehicles for public transport have also been excepted from the increase.

The tariffs increase in relation with rates already paid.

Chile 'near IMF deal'

SANTIAGO – Chile's Finance Minister, Sr Luis Escobar, said yesterday that he expected to initial an agreement with a visiting International Monetary Fund (IMF) team next week.

He told a news conference he would give details of the agreement next week but declined to say how much money Chile was seeking from the IMF or whether it was seeking a two-year or three-year accord to replace the standby agreement that expired last week.

"We have an agreement practically complete with respect to the macroeconomic policies, which should be reflected in the agreement," he said.

Sr Escobar said he expected the agreement to go for approval to the IMF's managing director, Mr Jacques de Larosiere, at the end of February, although it could not be approved by the Fund's full board until April.

He added, however, that once Mr de Larosiere had given his backing to the agreement, discussions could begin with banks in March on new money for 1985 and a new round of rescheduling of Chile's $18.5bn foreign debt.

A vice-president of Manufacturers Hanover Trust, which chairs the 12-bank advisory group for Chile, is due in Santiago on Monday for informal discussions.

Reuter

Record U.S. goods deficit

THE U.S. merchandise trade deficit hit a record $107.6bn in 1984, up sharply from $61.1bn in 1983, the Commerce Department said yesterday, writes Stewart Fleming in Washington.

In the fourth quarter the deficit declined significantly from the $33.1bn recorded in the third quarter to $22.9bn.

Last month, the Commerce Department reported that the trade deficit for 1984 was $123.7bn. The discrepancy between the two numbers reflects the different statistical methods being applied.

Stockman backs budget proposals

By Stewart Fleming in Washington

MR DAVID STOCKMAN, President Ronald Reagan's budget director, who is at the centre of a political storm over his remarks about soaring defence spending this week, yesterday staunchley defended the Administration's budget proposals in Congress.

Earlier in the week Mr Stockman sharply criticised the military establishment for not trimming their defence spending request, suggesting that the military is more interested in its generous retirement benefits than the nation's security.

Those comments drew a sharp rebuke from Mr Caspar Weinberger, Defence Secretary, who charged that Mr Stockman had "defamed" military people and veterans.

Mr Stockman's office subsequently issued a statement saying that he "in no way intended to impugn the patriotism or devotion" of the military, but was merely expressing personal frustration with bureaucratic resistence, not limited to the defence department, to reform.

Mr Stockman's comments are just one sign of the confusion that appears to exist within the Administration about budget policy.

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WORLD TRADE NEWS

EEC lays down strict conditions for world trade talks

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission yesterday laid down a series of strict conditions to be met if a new round of multilateral trade negotiations is to be successful.

Its stand, which will be influential in defining the final position of the European Community, emphasises the widening gap between the U.S. and Japan on the one hand and strains of EEC thinking on the other, over the issue of trade talks.

Foreign ministers of the EEC will discuss the position the Community ought to take at a meeting next month. But Community officials will take part in the preparatory talks for more multi-national negotiations, the Commission said.

The stand of the Commission is cautious in the face of the U.S. and Japanese drive to bring services and high technology trade within the ambit of the General Agreement on Tariffs and Trade (Gatt).

It says that in the work on defining the issues for negotiation in a new round, there has to be an equilibrium which takes into account the interests of all and that the objectives have to be clear for all countries taking part.

This appears to be a roundabout way of saying that first, the U.S. ideas on liberalising trade in services and high technology are not closely enough defined and, second, that if the U.S. is to win its way on services, it will have to offer concessions in other directions.

At the same time, the Commission returned to a recruitment theme in Community thinking on the issue of a new round: the necessity of "explicit agreement and active support" from developing countries."

This is another way of trying to rein in the U.S. because the developing countries have been very cautious about seeing the disciplines of the Gatt extended to trade in services and high technology goods.

These reservations about a new trade round come against the background of the new Commission's aim of leveraging Community commercial diplomacy on to a more influential international level. Hence it made clear yesterday its firm attitude against protectionism.

It also stressed that the Ten could only have an effective commercal diplomacy if they acted together.

GM in discussions to set up diesel plants in China

General Motors of the U.S. is negotiating with Chinese authorities to set up plants to produce diesel engines and transmissions in China, Reuter reports from Singapore.

Mr Alvin Goodspeed, vice-president of GM's Detroit Diesel Allison (DDA) division, said substantial progress had been made in the negotiations. The move was necessary because the U.S. and European markets had reached saturation point.

Mr Goodspeed refused to disclose the capital GM planned to invest in the plants, which the company hopes to set up in various Chinese provinces.

Asked whether the company had considered possible political risks in China, he said: "We don't think the Chinese government is less stable than many other countries where we are doing business."

Mr John Evitt, DDA manager for Asia, said China was an "aggressive growing market" for the company which was already the largest supplier of disel engines to China.

● China's state airline CAAC will borrow $600m (£548m) from a Chinese bank this year to buy foreign aircraft, reports the China News Service. CNS quoted the Commercial and Industrial Bank as saying the loan to CAAC would be spent on Boeing 737s, 747 Jumbos, and 767s as well as European Airbuses, Soviet Tupolevs and specialised aircraft.

Second-hand ship prices approach record low

By Carla Rapoport

PRICES for second-hand ships world-wide are sinking to near record lows.

Executives in London-based shipping companies are becoming increasingly worried about the state of the sales and purchases market. Three recent examples illustrate the problem.

● A British-built SD-14, one of the most successful dry cargo ships of the 1970s, recently sold for around $1.6m (£1.45m). Last year, a similar ship changed hands for $4m.

● The Celtic Venture, a two-year old Japanese ship recently auctioned by mortgagees, was sold for $7.2m. Its original price was around $20m.

● A four-year-old 28,000-ton vessel, built for $15m, was recently put on the market. The highest bid was $4.5m, and the ship remains unsold.

"The value of ships are going down to shockingly low levels," said a London-based ship broker yesterday. "There is a complete lack of confidence in the freight market."

The supply of ships has been exceeding demand for some years. Prices of second-hand vessels had not dropped precipitously, however, because many in the market believed that the current upturn in world economies would improve the shipping's longer-term earning potentials.

However, economic growth has not yet fuelled a recovery. At the same time Japanese shipyards are continuing to deliver bulk carriers at the rate of about two a week.

According to Lloyd's Shipping Economist, surplus tonnage of ships worldwide amounts to about 50m tons, about 27 per cent of the total market of 185m tonnes.

The drop in price for second-hand ships reflects the slippage in rates that owners can command for their vessels. Brokers say ship-owners cannot expect to earn more than $4,000 a day for second-hand ships. This will barely cover the average ship-owner's costs.

Cola makers bid for Indian market

BY JOHN ELLIOTT IN NEW DELHI

THE U.S.'S two largest soft drink manufacturers are lining up to compete for a rapidly expanding consumer market in India with their Pepsi-Cola and Coca-Cola brands.

Having tackled the vast markets of the USSR and China, they are turning their attention to the world's largest democracy whose soft drink sales are expected to triple in five years.

The companies' moves illustrate a fresh surge of U.S. investment interest in India because of liberalised economic and industrial policies promised by Mr Rajiv Gandhi, the Prime Minister.

PepsiCo's plans are more advanced than its rivals. It has prepared a $100m (£91m) project based on a proposed joint venture for fruit processing and drink sales with Duncans of Calcutta, one of India's fastest growing family businesses. It is run by Mr R. P. Goenka and its recent acquisitions incuide a stake in Dunlop India.

Coca-Cola withdrew from India in 1977 because of foreign investment restrictions, which still exist. But it sent a senior vice president to India recently and is believed to be interested in opening up fruit drink sales.

PepsiCo will have a tough time winning approval from the Indian Government to set up a partly foreign-owned company and sell a drink which is based on a concentrate whose ingredients are a closely guarded secret.

The company will not hand over the concentrate formula to any manufacturing company that it does not wholly own, and the Indian Government will not allow a foreign company more than a 40 per cent stake under the Foreign Exchange Regulations Act.

For this reason, Pepsi-Duncan, as the joint venture may be called, wants to import its concentrate. However, the Government will not automatically approve this because it is not an essential item and there are three major and several minor indigenous cola concentrate manufacturers already in India.

Pepsi-Duncan has drawn up a project aimed at generating enough exports and encouraging enough new agriculture-based industrial investment to tip the balance with the Government. From India's point of view, an investment by such a leading U.S. company could help attract other investment.

PepsiCo's $100m investment plans include $24m to generate exports of fruit and other processed foods. These would generate foreign earnings worth at least twice as much as the cost of the imported concentrate.

Pepsi-Duncan would aim to link up with local businessmen, who would take controlling stakes, in major agricultural areas of India such as Punjab, Assam, Kashmir, Karnataka and Himachal Pradesh. It would set up 12 processing factories, costing $2m each, for products such as mangoes and other fruits and potato crisps, adding as much value as possible to the products before exporting.

The joint venture would provide the technology for growing the produce, processing, packaging and marketing.

The imported concentrate would be handed over for diluting into drink and bottling to 20 independent franchised bottlers operating plants costing $4m each. Duncan might take a stake in areas where it is already based. In some cases existing bottling plants would be modernised.

PepsiCo and Duncan hopes to lodge a licence application with the Indian Government before the end of next month. The progress of that application will test the faster bureaucratic machine promised by Mr Gandhi.

Tony Walker meets the head of Egypt's export development bank

Battling with bureaucracy to boost business

THE CHAIRMAN of the new Export Development aBnk of Egypt, Dr Hazem el Beblawi expects that part of his time will betaken up fighting bureaucratic battles on behalf of exporters. "I'm not expecting bureaucratic support," he said. "What I shall be doing is fighting against bureaucratic hindrance."

Dr Beblawi, an Egyptian who was previously head of the Kuwait Development aBnk, said most countries attempt to provide incentives for exporters, but "what is needed here is to put them on an equal footing with companies exporting to Egypt."

A recent study by the Egyptian Ministry of Industry and the World Bank found that exporters face a number of disincentives and impediments including meagre duty relief on inputs used in exported manufactured gods, a confusing exchange rate regime and complex administrative procedures.

The EDBE was formed partly because of World Bank pressure on the Egyptian Government to expand its narrow export base. A recent survey found that exports grew 280 per cent between 1978 and 1983, but this was almost totally due to increased sales of petroleum products and cotton. Other exports slipped back.

Dr Beblawi said that fostering exports was vital for Egypt in the next 10 years as it would not continue to rely on "uncontrolled, and unsustainable sources," such as workers' remittances, Suez Canal dues, tourism and oil, none of which depended on value added Egyptian labour to meet its growing foreign exchange needs.

Egypt's trade deficit last year was around $4bn (£3.06bn) to $5bn. Total two-way trade was about $11bn. The imbalance is in part responsible for new currency regulations aimed at squeezing all but essential imports.

The EDBE is owned by Egypt's public sector commercial banks—Banque Misr, Bank of Alexandria, Banque du Caire and the National Bank of Egypt — each of which has 15 per cent, and by the national investment bank with 40 per cent. Authorised capital is E£100m ($76m). In addition the World Bank is providing some $125m to be channelled through the EDBE to encourage exports.

Dr Beblawi hopes that EDBE support can breathe life into export sectors like textiles and specialised agricultural products. He says Egyptian cotton is among the best in the world for fine fabrics and not enough is being done to exploit this potential.

Dr Beblawi, who has had more than 10 years' experience in the Gulf, expects funds for the first two years of operation to be sufficient, but says the bank will soon need further Government assistance in the form of long-term loans at concessionary rates of interest to help establish its capital structure.

Dr Beblawi is cautious about the bank's likely impact. "We think it can be instrumental in helping, but we also realise the bank is only a very small part of economic reforms that can help exports. What is needed is a change of attitude and a proper assessment of the importance of exports."

He is critical of the doctrine of "import substitution" still subscribed to by sections of the Egyptian bureaucracy, which he says is a "simplistic Third World slogan" and can be overstretched to the point where it becomes self-defeating and creates an atmosphere of protectionism.

Dr Beblawi is sanguine about Egypt's prospects. "In the past 150 years Egypt has had a chance to make it against all odds.

"But more often than not it missed its opportunities. Still, there is always a chance it will make it. There are good reasons for it to succeed. At all times you feel there is hope . . . yet you're aware the country can be disappointing."

Malaysia PM accuses West over free trade

MALAYSIAN Prime Minister Datuk Seri Mahathir Mohamad yesterday accused Western nations and Japan of throwing up barriers to exports from the developing world while proclaiming their commitment to free trade, Reuter reports from Kuala Lumpur.

The Malaysian leader made his attack while opening a conference of economic ministers from the Association of South East Asian Nations (ASEAN). The group comprises Malaysia, Singapore, Thailand, Brunei, the Philippines and Indonesia.

Dr Mahathir said world economic recession had led to a spate of protectionist measures by Western nations which had resorted to inward-looking and domestically palatable policies.

"There has emerged a new idea, what I would refer to as free traders of convenience who frantically proclaim themselves as the standard bearers of free trade except in situations which affect them adversely," he said.

He criticised recent changes in the U.S. Generalised System of Preferences, a list of goods which developing countries can export duty-free to the huge U.S. market.

Asean ministers plan to press for greater access to the U.S. for commodity and textile exports at a meeting tomorrow with visiting U.S. trade representative Mr William Brock.

Dr Mahathir said Asean did not believe in cartels but he urged member countries to work together. "If we fail to support each other, we will end up making the rich developed countries richer," he said.

He also called for increased economic ties among the six Asean states.

Matsushita seeks Hungarian VCR deal

Matsushita Electric is negotiating sales of video cassette recorder (VCR) kits to Hungary's state-owned Orion Radio and Electrical Works for assembly in Hungary, Reuter reports from Osaka.

Details about start-up dates and kit numbers are still being negotiated. It will be Eastern Europe's first VCR assembly plant.

Miners fail to reopen pit talks 'without conditions'

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE REMORSELESS attrition of the mineworkers' strike will continue. The National Union of Mineworkers (NUM) executive yesterday made a fruitless attempt, with the aid of the pit supervisors' union, Nacods, to persuade the National Coal Board (NCB) to reopen negotiations.

The move, which took members of the NUM executive by surprise, blocked various proposals from the NUM areas to discuss such strategies as returning to work without an agreement or demanding further assistance from the Trades Union Congress (TUC). There was general agreement that those starker choices had been delayed rather than removed – *especially if the return to work at the pits continues unabated.*

At the same time, it became clear yesterday that the coal industry's third union – the British Association of Colliery Management BACM – now agrees with the NCB that new talks between the NCB and the NUM must, for the moment, be ruled out. Leaders of BACM believe, however, – in common with some senior NCB officials – that talks should get started once more when at least 50 per cent of miners are no longer on strike, which they reckon will take only a further two or three weeks.

A unique joint meeting between the NUM and Nacods produced a joint statement that called on the board to "immediately resume full negotiations without pre-conditions."

A separate resolution adopted solely by the NUM said that if the NCB rejected the joint request it would turn to a body such as Acas, the conciliation service, to open a public inquiry into the dispute.

The NCB responded with a statement that once more firmly shut the gate on any hopes of talks that did not include on the agenda its right to close uneconomic pits.

Attention, therefore, once again focuses on the drift back to work, which many in the NCB are confident will continue to accelerate. Yesterday saw 202 new faces return to the pits, making a total of 3,541 this week so far.

Mark Meredith writes: Scotland is emerging as a serious casualty area in the strike in terms of lost pits.

A total of 12 coal faces representing a third of the Scottish deep-mined coal capacity have now been lost, according to the NCB, *although* the miner's union disputes the closure decisions.

Of 12 separate pits before the strike, two have been lost altogether, another is likely to be shut and vital sections of two other pits have been shut down.

The final loss of jobs among the 12,000 Scottish miners might be more than 3,000, although possible reinstatements and transfers make the figure hard to pin down.

Most serious is that whatever the Scottish area's plans for closing uneconomic pits in Scotland, the strike has hit two of the coalfields it has wanted to keep open.

The future of the entire Seafield-Frances complex in Fife was not considered a prime target for closure by the board. Fire this week closed Frances with the loss of 500 jobs and the main production face at Seafield

Coal exports from continental stocks may be ended shortly

BY MAURICE SAMUELSON

THE UK coal and electricity industries may soon end the arrangement whereby the National Coal Board (NCB) has been supplying overseas customers from strategic coal stocks held by the Central Electricity Generating Board (CEGB) at continental European ports.

With the miners' strike stopping coal shipments out of the UK, the NCB has been meeting export orders by drawing on coal held by the CEGB at Amsterdam, Rotterdam, Antwerp and Ghent – the so-called ARA ports. But with the strike apparently entering its final phase, the CEGB wants to keep some of that coal as a bargaining counter in negotiations about supplies from the NCB.

Since the start of the strike, the NCB has taken nearly 3m tonnes of coal from the CEGB. It has sent it in 265 shipments to 29 customers in 14 countries, in Europe, Scandinavia and the Mediterranean.

Most has been carried in vessels as small as 1,500 tonnes, but eight bulk carriers of about 60,000 tonnes have been diverted while en route from Australia. Those have been instructed to discharge at coastal power stations in Denmark, France and Greece.

This unprecedented arrangement, in which the NCB and CEGB have co-operated closely, has helped the NCB to cover almost half its current orders and avoid the risk of losing long-term contracts. It has also helped marginally to improve the CEGB's cash flow.

The CEGB still has about 1.8m tonnes stocked in continental Europe, which the NCB is keen to transfer elsewhere. The CEGB apparently prefers to keep at least some of it under its own control, although its attitude would change if the miners' strike gained a new lease of life.

Although the NCB is pleased that it has been able to supply so many customers, it is likely to point out that keeping a *strategic* buffer stock of coal has been a fiasco. Since the strike began the CEGB has moved none of the coal to the three Thames estuary power stations for which it was originally designated.

It did not do so because of the threat of action by members of the National Union of Seamen and other unions.

The remaining coal at the ARA ports is packed hard to prevent it from overheating and igniting during long-term storage. But it could become accessible in a few days if the CEGB decided to release it.

Satellite insurers optimistic

BY PETER MARSH

INSURERS have high hopes of recouping about $60m from the resale of two satellites plucked from the heavens in a dramatic rescue mission after a U.S. space shuttle had put them in an incorrect orbit.

Mr Stephen Merrett, a Lloyd's *underwriter who organised* last November's rescue, said yesterday that negotiations were in progress with three potential buyers of the satellites.

He said he hoped to complete selling arrangements for the first of the satellites within a matter of weeks, ready for relaunch of the craft later this year.

Mr Merrett was speaking at a press conference in London to honour the five U.S. astronauts who brought the satellites back to Earth in the space shuttle Discovery.

The two satellites, which had been intended to relay communications signals on behalf of the Indonesian Government and Western Union, entered the wrong orbits after a fault on a previous shuttle flight last February.

The insurance industry in Britain and the U.S. had to pay $180m to cover the loss. Mr Merrett later led negotiations between underwriters and Nasa, the U.S. space agency, to organise November's recovery some 320 km above the Earth.

Under the terms of the agreement, the underwriters paid $10.5m to cover the rescue costs. Before the satellites can be resold to communications companies, Hughes Aircraft, the U.S. company that built the vehicles, will have to modify them at a cost of about $5m each.

That is to repair components that were damaged during the satellites' faulty ejection into the cosmos and to add special equipment – antennas, for example – that would have to suit the requirements of any new buyer.

Mr Merrett said the purchasers of the satellites would be responsible *for the costs of renovation work.* The insurance underwriters would first have to obtain guarantees from Hughes that such work is feasible.

Hughes has produced a report on the costs of modification work on the satellite originally intended for the Indonesian Government. Consultants employed by the insurance *industry are now studying* the report.

Private-sector hospitals may cut drugs bill

Financial Times Reporter

A NUMBER of Britain's large private hospital chains are considering methods for limiting the number of drugs they dispense, in accordance with recent government proposals.

Mr Bob Graham, managing director of Bupa, which runs 10 hospitals *in the UK, said it would be studying* the Government's restricted list closely when it was released in the next few weeks. "We have to. We have to watch our costs, too," he said.

He pointed out that Bupa, in common with some National Health Service hospitals, already monitored the drug prescribing habits of its doctors with a view to holding down costs. The new list, which is intended to save the government £100m from its £1.4bn drugs bill, has been sharply criticised by many in the medical profession for infringing doctors' freedom to prescribe as they choose.

The UK subsidiary of AMI, the largest provider of private hospital beds in the UK, said yesterday it was considering the issue of a limited list. It plans "close consultation" with its medical advisory committees on the subject.

Other hospital groups, it is understood, are also studying the proposals with a view to instituting some *control over the prescribing policies* of their doctors. The Government's list is mainly aimed at drugs used to treat minor conditions. That means the private hospitals' moves would not have an impact on drug sales unless they were extended to cover more serious illnesses.

Safety clearance for food radiation process

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT'S advisers on food safety will give approval for a new process for preserving perishable foods, using nuclear radiation, next month.

A Department of Health committee can find no safety hazards for foods treated to internationally recommended standards of radiation.

The committee's report, in the final stages of drafting, is expected to go to ministers in late March or early April, Sir Arnold Burgin, its chairman, said yesterday.

Sir Arnold, one of Britain's leading *medical scientists, is master of* Darwin College, Cambridge, and a part-time director of Amersham International, the radioactive drugs company.

The Burgin report is expected to provoke a fresh public debate in Britain about nuclear radiation before any government approval is given for food processing by irradiation.

Approval of the process *for at* least one food has been given by governments in 26 other countries. Sir Arnold said his committee, which was formed three years ago, had been unable to find any evidence that irradiation of food was a harmful process.

The study in Britain began after a favourable report in 1980 from a United Nations expert committee drawn from three *of its agencies* – the World Health Organisation, the Food and Agricultural Organisation, and the International Atomic Energy Agency. That recommended the acceptability of food irradiated up to an overall average dose of 10 kiloGray.

In 1983, the Codex Alimentarius Commission adopted the Codex general standard for irradiated food, which rekindled the interest of the food processing industry in the technology.

The Burgin committee was asked to evaluate the UN report and review any new data on food irradiation.

Sir Arnold says his committee has found no evidence of any residual radioactivity in irradiated food. Its report will be a general recommendation on safety and will not approve any particular foods for sale to the public.

The Leatherhead Food Research *Association in Surrey, with more* than 800 member companies in the food processing industry, has been studying the implications of government approval.

Dr Alan Holmes, its director, believes that "we are on the edge of a very exciting industry," which will offer the public more fresh foods with less risk of food poisoning.

Last spring he recruited a health *physicist, Dr Vanessa Wilkinson,* to study the questions of industry and consumer acceptance. Dr Wilkinson says that chicken and seafood are obvious choices for irradiation because of the amount of food poisoning through salmonella infection at present.

Strawberries and mushrooms are two examples of premium foods that would benefit from the higher *shelf-life imparted by irradiation.* Irradiated strawberries may retain their flavour and freshness for two weeks or more.

Sir Arnold says his committee will shortly wind up its work on irradiated foods, but will continue to study the safety of novel foods such as the mycoprotein project of RHM, the foods group, and Imperial Chemical Industries (ICI).

Mercury and BT start legal battle

A LEGAL BATTLE has broken out between British Telecom (BT) and its small competitor, Mercury Communications, after their failure to agree on terms for interconnection of their telecommunications networks, Guy de Jonquieres writes.

The complex dispute has important implications for Mercury's efforts to win a share of the UK telecommunications market. The row also creates uncertainties about the role and authority of the Office of Telecommunications (Oftel), the official regulatory body.

BT and Mercury, a wholly-owned subsidiary of Cable and Wireless, both said yesterday they had instituted legal proceedings in an effort to clarify the position on interconnection.

This follows a request last week by Mercury that Oftel should intervene in the deadlocked negotiations to decide what the interconnection terms should be. Mercury argues that its request is consistent with provisions in the operating licences which it and BT received last year.

BT insists that Oftel has no jurisdiction in the affair. It claims that the legal basis for interconnection arrangements is a "heads of agreement" which it signed with Mercury last June. It is seeking a declaratory judgment in the Commercial Court that the document is binding *on both parties.*

Mercury argues that the heads of agreement was merely intended to provide an interim framework for negotiations and has no legal status. The company claims that the document has been superseded by the operating licences and the regulatory regime supervised by Oftel, which took effect last August.

At the centre of the row is Mercury's demand for unrestricted freedom to use BT's local circuits to connect customers to its own planned national telecommunications network, which is due to be completed next year.

□ BRITISH Medical Association urged the Government to bring in legislation to end sports sponsorship *by tobacco companies.* Buckingham Palace is to review the granting of royal warrants to cigarette manufacturers.

□ SALES of heavy commercial vehicles rose by 14.3 per cent in January compared with the same month a year ago. Other commercial vehicle sectors remained depressed, however. Light van registrations were down by 5 per cent while medium and heavy van sales dropped by 6.35 per cent.

□ COTTESLOE Theatre, London, one of the three stages of the National Theatre, is to close in April. Sir Peter Hall, director, said it was doubtful whether the National Theatre itself could survive because of inadequate funding from the Arts Council.

□ NORTHERN IRELAND's gas industry is to renew efforts to secure a supply of natural gas from the Irish Republic. A plan to pipe gas from the Kinsale field off the republic's coast was abandoned last September. Rising costs and the loss of customers *to other fuels* was blamed.

□ THE GOVERNMENT will introduce legislation in the next parliamentary session this autumn to *abolish all legal restrictions on shop opening hours.*

Ministers have decided to implement the recommendation of last autumn's Auld report, which proposed that all restrictions on late-night and Sunday shop opening times should be ended. In England *and Wales at present, most forms of* Sunday trading are illegal.

□ MONTANO SECURITIES, Los Angeles-based equity dealer, is to open an instantaneous trading service in U.S. over-the-counter stocks in London by the end of this month.

The group, which set up a London office in December, will shortly establish a computer link with the U.S. National *Association of Securities* Dealers Automated Quotation System (Nasdaq), an electronic equity market that includes 4,500 securities.

Andrew Taylor on proposals for a 'clear statutory framework' for interception

Law planned for telephone taps

THE GOVERNMENT is proposing *legislation that* would clearly establish its rights to authorise police, security and customs officers to tap telephones and intercept mail.

A White Paper (policy document) published yesterday by the Home Office also recommends that a five-man tribunal should be established to investigate complaints that interception of telephone calls and mail had been improperly authorised. *Unauthorised interception* would be a criminal offence.

The Government could be required to pay compensation if the tribunal ruled that there were insufficient grounds for authorising a phone tap or mail to be intercepted.

The proposals follow a judgment *last August* in the *European Court* that ruled that Britain's phone-tapping procedures, although legal, were too vaguely defined in law.

> The Government says its proposals on phone-tapping and mail interception will satisfy the European Convention on human rights and freedom, which stipulates:
>
> Everyone has the right to respect for his private and family life, his home and his correspondence;
>
> There shall be no interference by a public authority with the exercise of that right, except such as is in *accordance with the law and is necessary in a democratic* society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals or for the protection of the rights and freedoms of others;
>
> Everyone whose rights and freedoms as set forth in that convention are violated shall have an effective remedy before a national authority, notwithstanding that the violation has been committed by persons acting in an official capacity.

The object of a new Bill, the White Paper says, would be to incorporate existing piecemeal provisions – some of which have their *origins in the 18th century – into a* single "clear statutory framework within which the interception of communications on public systems will be authorised and controlled in a manner commanding public confidence."

The White Paper states that important safeguards will be maintained and interception will be authorised only for clearly defined purposes. It argues, however, that "properly controlled interception of communications for certain limited purposes is not only justified but essential in the public interest."

Under the legislation, interceptions could be authorised:

- In cases involving criminal offences, where a person with no criminal record might face imprisonment of at least three years; or lesser offences involving large numbers of people or large sums of money;
- To prevent offences involving violence;
- To prevent breaches of national security involving either terrorist or other subversive activity, or to support the Government's defence and foreign policies.

Legislation would also empower the Home Secretary to "issue warrants where they are necessary for safeguarding the economic well-being of the UK, but only if they are for the purpose of acquiring information about matters outside the country. This provision will be framed so that domestic developments cannot give rise to interception on the grounds that they affect the economic well-being of the country."

The White Paper adds: "It is an important part of the Government's foreign policy to protect the country insofar as it can from adverse developments overseas affecting the well-being of the *economy.*

"Foreign intelligence which may be necessary in support of the Government's foreign policy will on occasions include foreign intelligence which *is necessary for the protection* of the economic well-being of the country."

Before authorising interception, the Home Secretary would have to be satisfied that *other methods of* investigation had either been tried and failed or would be unlikely to succeed. There would also have to be good reason to think that an in*terception would be likely to lead to* an arrest and a conviction.

An improperly issued warrant could be quashed by the tribunal, which would be made up of "legally qualified persons."

The Bill will apply to the interception of all communications on the UK's postal or *public* telecommunications, "including links between our public telecommunications systems and those in other countries." It will also:

- Make it a criminal offence, with a maximum penalty of a £2,000 fine or two years' imprisonment, or both, to tap phones or intercept mail without authorisation from the Home Secretary;
- Establish controls over the use of intercepted material which will generally be inadmissible in legal proceedings; ensuring that interceptions can be used only as an aspect of investigation, not of *prosecution;*
- Create a post of commissioner to scrutinise the operation of the rules and make an annual public report on the findings. The commissioner would also assist the tribunal;
- Require the Home Secretary to cancel any warrant as soon as it was apparent that it was no longer necessary. Warrants would be valid for a maximum of six months, after which the Home Secretary would have to re-examine the case before deciding whether to renew the authorisation.

The tribunal will conduct its hearings in private. "It would clearly be neither sensible nor acceptable to publish means whereby those involved in *serious crime* or espionage could learn the basis on which their activities had come to notice or, perhaps more damaging, confirm whether their activities had *come to notice,*" the *White Paper* says. It claims that investigations and lives might be put at risk if sensitive information was made public.

European rights ruling set precedent

FT CORRESPONDENTS report on the laws on phone-tapping in other Western countries and (below) on the case of Mr James Malone, whose victory in the European Court of Human Rights led to the UK Government's proposals announced yesterday.

MR JAMES MALONE, an antique dealer from Dorking, Surrey, won his case against the British Government in the European Court of Human Rights last *August on the ground that the* law against telephone tapping and interception of mail was too vague and arbitrary, *Quentin Peel in Brussels writes.*

***Although the court did not re*ject the principle of telephone tapping in a democratic society, it did suggest that adequate guarantees of protection against abuses should be incorporated into any legislation.**

It reached the same conclusion in the Klass case brought against the West German Government, although in that instance it decided that German legislation did provide adequate guarantees.

Mr Malone, who unsuccessfully tried to sue the Metropolitan Police in the High Court in London for tapping and intercepting *his mail,* had charged the British authorities with interfering in his private life and correspondence. The surveillance had been carried out by police investigating suspected offences of dishonest handling of stolen goods, charges on which Mr Malone was subsequently acquitted.

BELGIUM – Telephone tapping is *forbidden by law and there are no* exceptions, according to the office of the Secretary of State for Communications, **Paul Cheeseright in Brussels writes.**

Law officers are permitted to establish the existence of a telephone conversation, through the telephone authorities, in their search for evidence.

CANADA – Telephone tapping warrants in Canada are issued by judges applying the test of whether *police requests are* "in the best interest of justice," **Bernard Simon in Toronto writes.**

The judge can set terms and conditions to protect the public interest. Toronto judges, for example, often require police to turn on tape recorders attached to public telephones only when a suspect enters the phone booth. Warrants run for up to 60 days.

The use of phone-tapping has been significantly extended since precise rules were first given in the 1974 Protection of Privacy Act. Under amendments in 1977, investigations into 50 specified crimes may justify phone taps, as well as any other crime with a penalty of more than five years in prison if committed as part of an organised pattern of crime.

Most warrants in Canada are issued for narcotics investigations. They are also used frequently for crimes involving possession of stolen property. Police say they have been *invaluable in fraud cases* where the main elements of the crime were committed over the telephone.

FRANCE – Telephone tapping in France takes place in a legal vacuum which the Government, despite its intentions about improving citizens' protection from state surveillance, has so far failed to fill, **David Marsh in Paris writes.**

An official report in 1982 for M Pierre Mauroy, then Prime Minister, recommended an independent *commission to set ground rules for* the bugging of suspected individuals by police and security forces.

Since then nothing has happened. Even though any interference with civil liberties is deemed unconstitutional unless specifically allowed by a change in the law, several thousand people a year are estimated to be subject to official eavesdropping.

The administrative basis on which the taps are carried out – through requests from the Defence or Interior Ministries for alleged security risks, and at the demand of prosecuting authorities in criminal cases – is kept a secret.

The Government's inaction is ironic in view of the strong criticisms made against the previous right-wing administration over telephone tapping of politicians and journalists during the 1970s.

UNITED STATES – Wire-tapping by federal agents has been tightly controlled since 1968, **Nancy Dunne in Washington writes.**

Before a tap is instituted it must be approved by a U.S. district court judge after the investigating agency has proved that it has exhausted all other investigative techniques and that it has solid grounds for suspecting criminal activity.

The court order is valid for only 30 days and an affidavit must be submitted after that time. Without a *court order, wire-tapping is a federal* offence, punishable by a maximum sentence of five years' imprisonment and a $10,000 fine.

From January to May 1984 (the last period for which statistics are available), federal judges approved 154 wire taps for the Federal Bureau of Investigation, a large increase over previous years due to the agency's expanded counter-drug programme.

Takeover to strip workers of union rights

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BELL CANADA International, the North American computer services *company, is making its purchase of* a subsidiary of Cable and Wireless, the UK communications group, conditional on the stripping from the employees' union all collective bargaining rights.

This stipulation is thought to be one of the first instances in Britain of a company – *particularly a foreign-based one* – making as a condition of its purchase of another the effective removal of trade unions.

BCI's condition of the removal of bargaining *rights* from the white-collar Association of Scientific, Technical and Managerial Staffs *ASTMS* led to a one-day strike yesterday by some of the company's engineers at its London headquarters.

BCI, a wholly-owned subsidiary of Bell Canada Enterprises, is buying four Cable and Wireless subsidiaries in a deal worth just less than £10m ($11m).

ASTMS had held sole bargaining rights for about 200 staff in one of them, Cable and Wireless UK Services, a third-party computer maintenance company, since its formation in 1981, and has had negotiating rights throughout C&W for more than 40 years.

In a letter to all staff Mr Gabby Shaw, C&W UK Services managing director, said: "Recognising that *staff play a key role* in achieving corporate aims, BCI considers it essential that the new company adopts a positive approach to pay and *conditions that will provide* the necessary motivation and flexibility for individual advancement.

"BCI considers that its employee philosophy is best suited to discussion and consensus between each individual and the company's management, as opposed to collective representation."

Accordingly, ASTMS has been given 30 days' written notice of the termination of all its agreements with the company, covering union recognition, collective bargaining, redundancy and other issues.

The union is concerned that the move is setting a precedent. Mr Jim Mercer, ASTMS London divisional officer, said: "It's GCHQ for the private sector (a reference to the British Government's banning of *trade* unions at its Cheltenham communications headquarters last year) but it's being done for profit, as distinct from security reasons, however spurious."

Mr Mercer, insisting that there had been no history of particular industrial relations difficulties between the company and ASTMS, said the union's objective was to secure a firm agreement that we can continue."

Cable & Wireless said it had been concerned to find a buyer for the service company which would be able to guarantee a future for the staff concerned.

Robin Pauley sees an end to Whitehall's cash fight with local councils

High spenders come back into line

THE GOVERNMENT'S fight to contain the budgets of high-*spending local authorities* (rate capping) is practically over – bar a lot more shouting.

Although the 18 councils to have their expenditure and rates (*property taxes*) limited by statute may not conform to all the Government's deadlines, it now seems likely that most of them will eventually make a legal rate and budget according to the Government's command.

Rates are levied by authorities according to values assessed on domestic and commercial properties. The funds produced are used chiefly to provide local services to a community.

The list of councils to be rate-capped was announced last July under the controversial Rates Act, instigated by the Treasury to ensure that control of local government finance would pass away from both local councils and the increasingly fragmented Environment Department to the Treasury.

Since then, all the councils involved have refused to legitimise the Act by negotiating with the Government. By refusing to ask for increased rate or expenditure limits, the councils have denied themselves the right to provide a higher level of services than will now be possible.

They have given the Government a headache by threatening total *non-co-operation to the point of illegal* behaviour that might lead to a breakdown of services, personal bankruptcy and disqualification from office, and a level of disruption, particularly in London, that might have been so politically unacceptable to parliament as to have forced some sort of retreat or compromise by the Cabinet.

By patient tactics, Mr Patrick Jenkin, Environment Secretary, appears to have won the day. He has kept open all offers of meetings but has not yielded anything, the councils having failed to deliver their ev*idence and ask for softer limits with* which they would then be prepared to comply.

Both he and the council leaders have embarked on a lengthy and tedious propaganda exercise, each trying to paint the other as intransigent and inflexible. It all sounds very hollow, but keeps them busy.

All the signs are that this bluster will continue for as long as possible. The councils want to embarrass the Government and want as much publicity as possible to try to com*municate to the public their view* that any cuts in the offing are the result of central rather than local government policy.

Sixteen Labour-controlled councils among the 18 are unified in their verbal defiance and may be late in setting their rates.

The timetable now looks like this. Orders enforcing the rate and expenditure limit for the four highest spending councils were approved by parliament last week and cannot *be changed.* These councils must set a budget and rate not higher than the limit by March 10.

Orders for the other 14 councils are expected to be laid next week, after which no changes can be made. The rate becomes effective from April 1. All ratepayers can refuse to pay any part of their rate bill in a rate-capped authority which is based on a rate higher than the limit.

The signs are that behind the defiant and united rhetoric there is neither the personal will nor, in most cases, the political possibility of widescale law-breaking.

Most councillors privately draw back from the prospect of bankruptcy, the ambitious admit that disqualification from public office would be too much to accept, and the realists admit that it would be impossible to get majority support for illegal action in any of the rate-capped councils – except, possibly, Hackney, in London, Britain's most deprived borough.

In that sense, it is becoming clear that the councils have embarked on rhetorical tactics which they cannot carry in practice.

An *alternative strategy,* discussed but not adopted, was to run for as long as possible within the law, without cutting manpower or services, and then announce that under the Government's cap the council could no longer operate.

The Government would then be *handed the keys of the town halls* and invited to step in the following Monday and make all the service cuts and staff dismissals necessary to bring the council within the legal expenditure limit.

That, repeated several times, was always the civil servants' nightmare – *particularly if it happened* in London across a swathe of the capital.

FINANCIAL TIMES SURVEY

Friday February 8 1985

City of London Property

Roger Taylor

Demand for large buildings is expanding the traditional financial area on to the Thames north bank around London Bridge. Ebbgate House (left) has gone to Barclays/de Zoete/Wedd, 33 King William Street (centre rear) to S. G. Warburg, and the unfinished Billingsgate (right) to Samuel Montagu. Montagu is having second thoughts, but another financial tenant is likely.

Financial mergers, new technology and planning restrictions are straining the property industry's ability to provide suitable buildings in the traditional City core. The Square Mile is bursting at the seams.

Core concern over market revolution

By William Cochrane

A WAVE of reforms has begun to sweep through the UK securities industry opening new opportunities and posing new demands on the City of London property market. Since June 1982 more than 40 betrothals between banks, brokers, jobbers and other parties have been recorded, according to Valin Pollen's Feedback newsletter, and others are still being lined up.

How these and other changes will affect the property industry remains a subject of debate, but already an impact is being felt on arguments about the relative merits of locating in the heart of the City or on its fringes. A crucial role will also be played by the City's planners. Their local plan now under discussion will determine whether buildings have to be retained or can be demolished to make way for new.

"The changes taking place in the City as a result of the relaxation of Stock Exchange rules on mergers between financial institutions, the Gower report, and the continued growth of the Eurodollar and other markets, will all lead to pressure for growth in the central office core," according to agents Richard Ellis.

In many cases the shape and the structure of the emerging financial institutions and the arrangements made for regulating them will themselves affect property requirements and locations.

"The City's new financial structures are encouraging both rationalisation within firms which are partners to the mergers, and a tendency to draw them together in one building," Mr Geoffrey Pentecost of Jones Lang Wootton says.

"This could encourage fragmentation of a sort in the future—that will depend on how the City regulates itself—but our view is that this will not necessarily mean physical separation of functions."

New technology is also making great demands on buildings, Mr Jeremy Mackay-Lewis, an architect, points out. "Only 10 per cent of the floor area of buildings in the City meets the need of users." This means new buildings would have to be created and this new generation would have much higher rents.

There is indeed some evidence that this is already happening. Latest rents, for Greycoat/Rosehaugh's Finsbury Avenue development, one of the new fringe giants, are more than £20 a sq ft. This is a significant step from Greycoat's earlier Cutlers' Gardens scheme which saw first lettings at £16 a sq ft when City core rents were £32.

Negative

The way in which the City authorities' decisions will push the market remains to be seen. In a move which has caused concern to some agents, the City has included in its draft local plan a very large conservation area covering much of the main office core, reducing comprehensive redevelopment possibilities.

Richard Ellis, which has described the designation as entirely negative, has made representations to the City's Court of Common Council aimed at securing a redraft of the plan and is encouraging others, especially occupiers, to do likewise.

Lack of development opportunity in the core will, according to JLW, continue to draw growth to the periphery. This trend would be strengthened by the increasing tendency for stock exchange deals to be traded from offices and away from the Stock Exchange floor.

"This will decrease the locational pull of the Stock Exchange," Mr Pentecost says. However, he does not see this leading to gaps in the central core. "The small-to-medium-sized foreign banks will wish to remain."

Not everyone agrees, however, that large multi-featured buildings on the periphery will provide the main thrust of future City development. Mr William Woodward-Fisher, of Chestertons, believes demand is cyclical, and fashion even more so.

"Looking back at the office market two years ago is revealing," he says. "There was a strong feeling that small, prestige headquarter buildings in the City were in, and that large-scale development was a thing of the past.

"Decentralisation, which had calmed down in the early 1980s, was gathering pace again. There was a strong feeling that decentralisation and an improvement in communications would lead to companies withdrawing from the centre of London, leaving only senior managerial staff.

"It was felt that a lot of people would end up working from terminals at home."

Demand for large buildings will diminish although top quality new buildings with all modern amenities built to the highest specification may increase their popularity, he says. "What will not be so acceptable is secondary refurbishment or buildings behind period facades."

He sees conflict developing between planners and the developers. "The City of London draft plan will come to be regarded as a fine example of the short-sightedness of the planners in not adapting to changing times," he concludes.

Costs

Comparatively recent buildings could also be vulnerable, according to Mr Charles Sanderson, of Savills. "Substandard 1960s buildings with low ceiling heights which do not permit introduction of modern services must be written down to site value and demolished," he says.

This is already being done. Last month London & Metropolitan Estates, a subsidiary of London & Edinburgh Trust and Balfour Beatty, announced a 250,000 sq ft development on the site of Britannic House North, the old BP building in Ropemaker Street, off Moorgate.

But it all costs money. Last year we reported a site value of £22m for London and Edinburgh's other big city scheme, Billingsgate, plus more than £44m estimated to complete the development. But this produced a £62m surplus value.

As far as investment is concerned short term funding by syndicated or consortium groups is now not seen as more than a temporary answer. In the long term market there are few funds which have more than £20m to commit to a single property, according to Mr Sanderson. Over the past two years, several of the big pension funds which have traditionally backed these large developments have started to sell property—partly because of redundancies in the industries they cover which has reduced their cash flow.

Mr Sanderson also forecasts more space being taken by owner occupiers. Financial packages from banks, and shared ownership would be more common. This would involve a further rise in investment yields and the evolution of a "wide market," so joint or multi-ownership can become accepted. It suggests unitisation, which seems to be becoming an increasingly prevalent theme in the investment market.

Hedge

Mr Rodney Petty, of Weatherall Green & Smith, inserts a note of caution. It is still not clear how last month's rise in bank base rates is going to affect the market.

The sharp corrections in equity share prices should be a reminder that market traders can have a bad time. Whether it will affect property commitments or the high level of City pre-lets predicted for 1985 remains to be seen.

It might also remind investing institutions of the qualities of property as a hedge and encourage plans for funding on a single, joint, or multi-ownership basis.

It may be instructive a year from now to look back at the views of Mr Simon Harris, of specialist City agents Baker Harris Saunders, perhaps the most outspoken supporter of big buildings and periphery locations.

"Demand is coming from tenants who require whole buildings which provide all the space which can house new technology," he says. "Tenants also do not mind sharing buildings if the architecture is significant.

"Demand is severely outweighing availability of the best buildings. There are a large number of inquiries from banks and professional firms prepared to lease buildings or parts of buildings, but the right space cannot be found.

"Architectural identity is outweighing location and tenants are prepared to look further afield. Their initial question is not: 'Is the floor raised?' but: 'What is the raised floor void and what is the design specification for air conditioning?'"

Mr Harris says there were many buildings within the central core which had been on the market for a long time—one for more than a year—and which did not let until all the other buildings had been taken.

The question this year is whether we will be counting pre-lets or letting boards. And, if so, where?

The ability of central locations to meet new tenant demands is uncertain. **Michael Cassell** reports

Heart set to beat at slower rate

The Core

THE PRIME City of London office market has entered 1985 in confident mood, though there are few property pundits brave enough to suggest that it will be a vintage year.

In the words of one agent: "It looks as though we are in for a solid, safe and unexciting time."

After an uncertain and unpredictable 1984, when an early improvement in interest and letting was stifled by problems in the international banking sector, the revival towards the end of the year has carried through into 1985.

The reorganisation of financial services within the City, notably the proposed merger of several large broking houses with banking groups, has started to make itself felt on the office market, with demand for high-quality, flexible and efficient accommodation on the increase.

The big question overhanging the market is how well the traditional office core will be able to respond to the fresh wave of demand. If an increasingly significant proportion of floorspace fails to come up to standard while planning restrictions prevent the creation of suitable accommodation, the outlook for the prime central market must look less certain than for some years.

No-one is suggesting that prime locations face a crisis, but some believe the medium-term prospects are hardly rosy.

According to Mr Nick Baucher, of Baker Harris Saunders: "The inner office core will continue to let but not at the same rate as the fringes. We do not expect prime City rents to move far this year. All the action will be on the outer edges of the market."

Mr Baucher says the scenario depends largely on the pace and success of the financial services revolution. But as long as its principal activists are in an expansionist mood, their effect on the shape of the City office market will be profound.

"In spite of the strength of demand, significant numbers of older buildings in the heart of the City which are not being brought up to date will be hard to let. There will be resistance from the larger users, although smaller tenants will not tend to mind so much.

"In sub-standard properties, rents will fall although landlords will not let you see it. Their buildings will simply have more empty space."

The fresh wave of refurbishment in the heart of the City stands as evidence that the message has got across, although there is plenty of proof that refurbishment in itself might not be enough. In locations like Cornhill, modernised buildings have remained vacant because inherent shortcomings have not been overcome, either through a failure to understand market requirements or a lack of flexibility by planners.

Difficulties

If the right accommodation can be provided in the inner core, there is unlikely to be any shortage of takers. Mr William Woodward-Fisher, of Chesterton, believes demand for central space of the highest quality must continue to increase.

"What will not be so acceptable are the secondary refurbishments or buildings behind period facades," he says. "I see conflict developing between the planners and the developers in this area."

Mr Julian Ryder Richardson, of architects GMW Partnership, emphasises increasing difficulties in redeveloping the City's historic centre. His practice designed Centurion House in Monument Street, which had to be built in stepped terraces to preserve the view of the Monument from the Thames. There were repeated attempts to get plans approved.

"The process can be lengthy and expensive but at least the level of City rents gives room for manoeuvre," he says. In any case, landlords no longer have much choice if they want their buildings to let."

The changing pattern is being reflected in institutional attitudes towards investment in City property. Over the last year, polarisation between high-quality buildings and older or refurbished ones has encouraged funds to become more quality conscious and to discount even well-located buildings that are not up to standard.

There is likely to be a further increase in the number of projects funded from non-institutional sources, particularly larger schemes where their speculative nature in terms of location and tenancy is not acceptable to the funds. The recent wave of freehold acquisitions by occupiers seems likely to continue.

As for the central market's current state of health, buoyant demand is failing to have any material impact on rents because of the continuing high supply of accommodation.

According to Debenham Tewson & Chinnocks: "In spite of a drop of 500,000 sq ft during 1984, the City still has an adequate range of accommodation available. Variations exist between districts, and in EC2 the year-end total was 21 per cent higher than a year earlier.

In EC3 and EC4, however, there was a decline. Even so, there remains a large range of office space available, even in the financial core."

With prime rents in the heart of the City reaching a plateau in 1984, some growth is likely over the next year. Top deals are likely to be in the £30 to £33 a sq ft bracket, although rents in new schemes could reach £35 a sq ft.

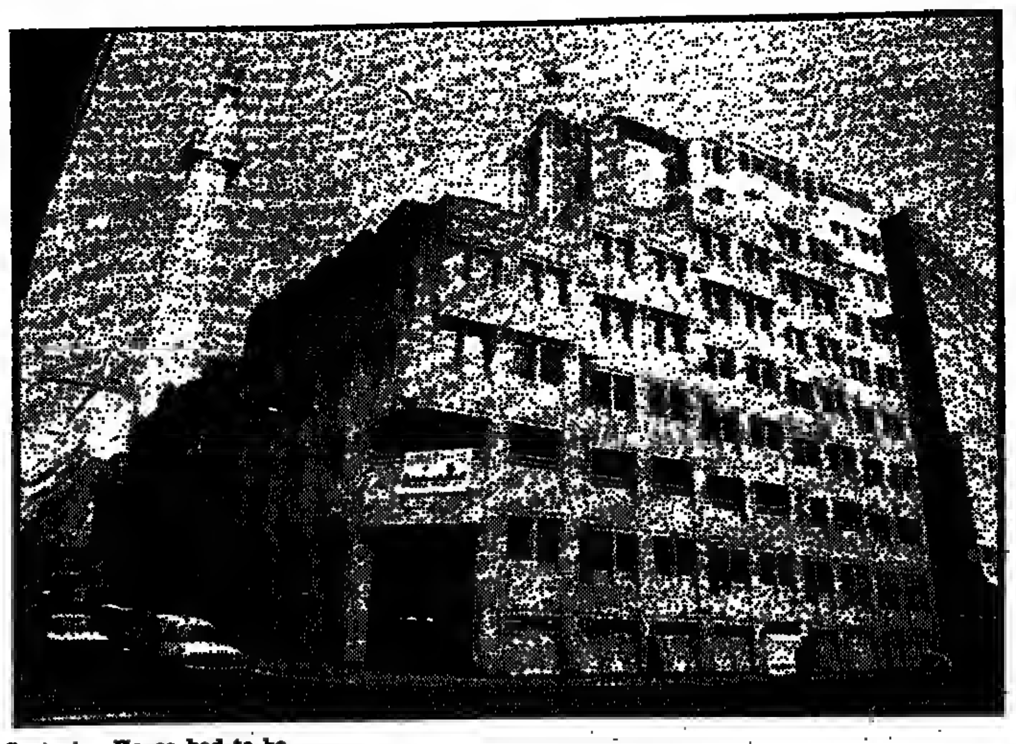
In an overall review of the City market, Richard Ellis estimates that take-up in the EC postal districts during 1984 reached 3.3m sq ft, the highest annual figure recorded in the 16 years it has been compiling the figures. For the first time since 1980, take up exceeded new supply, which was 3.1m sq ft, thereby reducing availability from just under 4m sq ft at the start of last year to 3.4 in December.

Ellis emphasises that the level of space on the market remains relatively high, however, providing a continuing choice for most prospective tenants. Rents have not yet started to accelerate.

The agency estimates that 1985 will see another 1.7m sq ft of speculative office space come on to the City market compared with 1.3m sq ft last year. Together with second-hand accommodation, total supply is thought likely to reach about 3m sq ft, a repeat of last year's. Ellis believes that take-up will also reach about the same level.

The agency is more bullish than some about rental prospects, suggesting that increases of between 10 per cent and 15 per cent could be on the way this year.

It says "Movements in top City rents could, however, continue to be difficult to ascertain in the absence of open market transactions involving centrally located accommodation of the highest quality. In competitive top rents could be achievable."



Centurion House had to be built in terraces to preserve the view of The Monument, but the level of City rents gives room for such manoeuvres. Nomura, Japan's biggest securities house, has chosen the block to cope with its increasing City role.

Conservation paradox takes a pounding

Planning

AS CITY architect and planning officer, Mr Stuart Murphy must be used to the development industry taking the occasional side swipe at him; but since the publication of the City draft local plan he must be wondering what hit him.

In spite of the low-key launch of the plan and Mr Murphy's assertion that the document contained nothing sensational, the howls of protest are, three months later, still ringing in his ears.

The draft plan is designed to shape development in the Square Mile until the end of the century. The team at Guildhall say they have produced a formula which fairly balances commercial needs against historical heritage.

In essence, the plan confirms the City's role as the centre but suggests that the nation's principal business proliferation of office development is harming other aspects of life. Economic diversity is vital for the City's good health, and offices must not be allowed to stifle other forms of business activity and employment, it says.

The plan questions whether demand for office space will reflect past trends but accepts that continuing development will be necessary. It envisages that demand will increase pressures on areas outside the central core but says the overspill must not be allowed to destroy the economic make-up of the peripheral areas. The City appears to be dissuading development in those areas where the next generation of office buildings could be expected to emerge.

At the same time, the plan places heavy emphasis on preserving and enhancing the substantial conservation areas designated within the City and makes it clear that proposals to redevelop or alter existing buildings in such areas will come in for increasingly detailed scrutiny. This can include the inside, as well as the outside, of buildings.

The draft document stresses that tha City Corporation has adopted a flexible approach, defining broad policies and avoiding too many specific proposals for action.

While the plan makes repeated references to the need te stimulate development as an essential element in the City's commercial life, it also appears to be restricting opportunities for it to take place. The apparent paradox has not endeared Mr Murphy to the development industry.

The backlash has been swift and sharp, though the property industry's feelings towards the prospect of a tougher planning regime must mixed. Restrictions might make life tougher for developers but they tend to work wonders for property assets which are created by restricting supply and forcing up rents.

Neither would many expect development in a location as sensitive as the City to be entirely trouble-free. The feeling is, however, that this time the City planners have gone over the top.

Richard Ellis singles out conservation areas for criticism, claiming it would provide the corporation with considerably extended powers.

"As a precondition of applying for planning consent to alter or demolish or reconstruct, it will be necessary for those concerned to obtain listed building consent, despite the fact that their buildings may not be of any great architectural or historical interest," the agents say.

"Obtaining such consent depends on a number of aesthetic considerations which, being mainly subjective, give little opportunity for logical argument or reference to precedent, and against which there is no appeal."

Ellis believes that extensive designation of conservation areas status on a main part of the office core will prove entirely negative. It would slow or impede any alteration or development and, in reducing the number of permitted locations, drive away important occupiers.

"The Corporation is laying a dead hand upon that part of the City subject to the highest natural demand for change."

Ellis has called for a "special policy area" encircling the bank conservation area, within which high-density development would be permitted.

Chris Peacock, of Jones Lang Wootton, says the corporation will have to shew the flexibility to which it repeatedly refers in the plan.

"If international companies cannot, because of restrictions on new development, find what they want in the City, then London will lose out," he says.

"We cannot abuse our geographical privileges and expect businesses to locate here come what may. If we are not careful, we will have a decaying core in the middle of our apple."

Mr Julian Ryder Richardson, a senior partner at architects GMW Partnership, has been involved in many of the City's big redevelopment projects like King William Street House, the Barings buildings in Bishopsgate and Centurion House in Monument Street. He accepts that there is a continuing need for development controls, although he believes the planning pendulum may have swung too far towards conservation.

"The draft plan is on tha right lines, even if the City's concern at preserving the best of what is left has tempted it to over-react," he says. "If we are going to preserve and conserve then we are going to make life more difficult for the developers.

"But we need to look carefully at what is left. If we decide to pull things down, we must ensure we provide something better. Although there are few really-bad buildings being built in the City, neither are there many good ones.

"The main problem involves the time to get plans passed.

Some architects are less charitable. Mr Francis Duffy, of Duffy Eley Giffone Worthington, says the draft plan demonstrates little understanding of the economy of the City or the space requirements of occupiers. It incorporates "an unfounded concern with preserving activities that need not be in the City," he says.

"There is more in the plan about the quality of the environment than there is about the City's economy. There are fine buildings and vistas and that historic views should be preserved; it is equally true that much, if not most, of the post-war redevelopment has been at best undistinguished and too often ugly.

"But a policy of turning a quarter of the City into conservation areas is not consistent with the plan's proclaimed objective of allowing the City to change.

Perhaps unwittingly the City planners have stirred up a hornet's nest and the reaction of the development industry will, even after taking into account its prejudices, have to be taken seriously.

But the draft plan has at least created the public debate which has been rare in the past, and which could help ensure that the next phase of the City's development does reflect a balanced approach to conflicting demands.

M.C.

On this page and the following, **Michael Cassell** examines the strength of the outer areas

Popularity narrows rent gap

Costs

THE RISING poplarity of the City's peripheral office locations has quickly made them increasingly expensive. Mr Chris Peacock at Jones Lang Wootton reckons that the rent differential between good quality space in the fringes and prime, centrally-located accommodation has, in the last 18 months, narrowed from as much as 50 per cent to around 30 per cent.

"Tha search for suitahla space by large occupiers has brought them to fringe markets where rental levels have generally been sticking at £14-£18 a sq ft, against more than £30 a sq ft for space in the inner "Now the gap is closing. core," he says. "Now the gap is closing."

Mr Cris Tollast of St Quintin says the growth in rents look certain to continue. "Prime rents in the eastern fringe, from Barbican to Houndsditch, have hit £20 a sq ft—between 25 and 30 per cent more than two years ago," he says. "Around the Minories and Leman Street, they have doubled in five years to between £15 and £16 a sq ft."

Rents in areas fast losing their fringe image, such as Finsbury Square, are about £20 a sq ft and rents for latest lettings at Finsbury Avenue are set to rise by about 10 per cent over that level.

On the other side of the City, the fringe markets around Fleet Street and Holborn have not performed well in terms of rental growth, and there have been—for the landlords at least—some disappointing deals. Trafalgar House, for example, finally let Plumtree Court, a fine building in an arguably nondescript location, for about £17.25 a sq ft. The sale of the investment also left something to be desired.

Reviews

More recently, City of London Real Property let its Old Bailey office scheme to Deloittes for about £17 a sq ft, implying that the Ludgate Hill area—or certainly the buildings recently offered there—has failed to benefit from the growing strength of the fringes.

Rents are not the only factor to be considered. Rates are subject to review annually compared with five-yearly rent reviews and big role in deciding where te locate.

The impact of rates can be seen across the river at Hays Wharf, where St Martins wants to kick eff at London Bridge City with rents of £14-£18 a sq ft. With rates hovering around the same level, however, the total rent-rates package will be more than £30 a sq ft.

On the same basis, combined costs in some fringes will work through at less than £30 a sq ft, while in locations like Finsbury Circus the figure will ha nearer £35. On the outer edges of the City core they might be up to £40 a sq ft, and in the prime market total costs can run to more than £45.

Whila fringe locations can offer an endless variety of rating levels, the new generation of buildings being developed can provide vital savings in operational costs. A new report from Jones Lang Wootton suggests that service charges as an element of total occupation costs are likely to become an increasingly significant factor in establishing rental levels.

To tha extent that service charges are seen as inordinately high, thera may be market pressure to trade off service costs against rents, resulting in lower rental values. "At the extreme, high service charges may even have a critical impact on a building's letting prospects," JLW says.

Charges

The report, which covers the whole country rather than just the City, shows that in the four years until 1983, service charges in a sample of properties rose by 75 per cent, exceeding the inflation rate by 25 per cent.

Increases of that order mean the containment of property service charges takes on an added urgency. It is clear that the latest generation of office buildings effer the best chances of success.

For example, service charges at Greycoat-Rosehaugh's Finsbury Avenue development are put at about £2.30 a sq ft which, with insurance, still works ent at less than £3 a sq ft—which sets a standard for other developers to match. It also throws a harsh light on the cost of operating by old and not-so-old properties competing in the same market.

In the Commercial Union building, for example, services work out as high as £8 a square foot; at 99 Bishopsgate, they are more than £6; and at Angel Court they exceed £7.

The latest, larger buildings can provide economies of scale but it is in the area of energy consumption that some of the most significant savings can be made. Tha quality of construction materials can also have a big impact on ease of maintenance and running costs. Even when buildings are rebuilt internally, the cost of maintaining the outside fabric can overshadow savings elsewhere.

The latest generation of properties can also offer a flexibility which is not only convenient but highly cost-effective. On average, tenants may shift staff every 18 months and the continuing "musical chairs" can be very expensive.

If, as looks likely, the commercial property market is going to be demand-led as never before, attention te this type of detail will be essential.

Service charges at Greycoat/Rosehaugh's Finsbury Avenue development are put at about £2.30 a sq foot, setting a standard for others, while rents have exceeded £20 a sq ft

Revival pushes out boundaries

The Fringes

THE increasing acceptability and strength of the so-called fringe office locations grouped around hte outer edges of the Square Mile represents the most significant phenomenon influencing the City of London property market.

After years of raised expectations and repeated false starts, a combination of factors has started to push back the boundaries of a property market which, in spite of intense demand pressures, has resolutely refused to spread far beyood its historic centre.

The market revival, after e fairly prolooged and flat period in the City, shows that changing attitudes and requirements by occupiers, developers and funders—plus increasingly restrictive planning—have led to fundamental differences in emphasis.

Areas once regarded as fringe may now be eccepted as part of the city core—albeit the peripheral part. In turn, some previously peripheral locations look increasingly like being upgraded in value to become part of the prime inner office market.

How much longer, for example, will locations like Billingsgate, Finsbury Square and Liverpool Street be regarded in a different light to those in the City's traditional heart? How much longer before the trend sweeps south across the river to embrace locations previously viewed from the City as a commercial no-man's land rather than as a potentielly attractive, alternative business location.

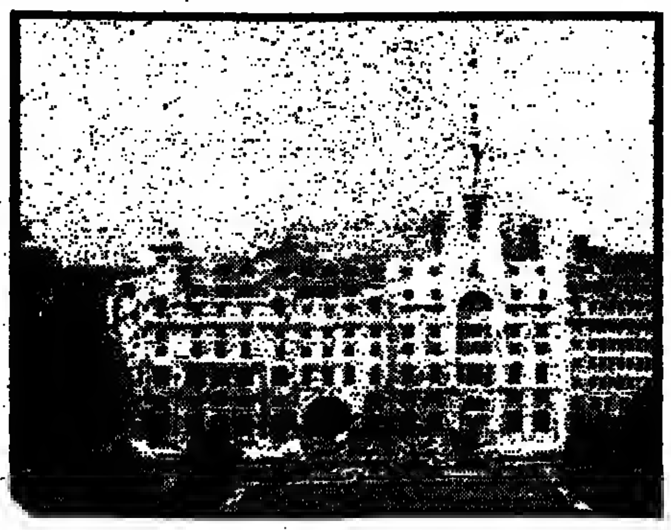
Scarcity

Redefinition has been brought about by a number of market forces. In the first place, the continuing revolution in the provision of financial services has created a fresh wave of demand for office accommodation. Occupiers are increasingly demanding a high-quality working environment and large floor areas in buildings which can not only accommodate the latest office technology, but which have an inbuilt flexibility to cope with what is yet to come.

The scarcity of this type of accommodation in the City core—and the prospect that availability is unlikely to improve—means that attention has shifted to areas where the product can be provided.

Agents Richard Ellis say an outstanding feature of the 1984 City property market was demand not only for new rather than second-hand floorspace but for very large units. A dozen buildings in excess of 50,000 sq ft, all in new or modern air-conditioned space, were let in the EC postal districts and almost all were outside the City core. The majority went to the financial services sector.

The trend towards the fringes was in the past often firmly resisted, but there now appears to be a general willingness by occupiers to go further. Their new enthusiasm is partially based on the realisation that big cost savings are possible and that the comprehensive development of some undesirable locations has made them acceptable as business addresses.



The £28m development of Triton Court on Finsbury Square is a classic example of a City fringe building reconstructed to modern standards

Repeated transactions in the last year have proved that occupiers will reconsider long-standing attitudes to location, provided the quality of accommodation is good.

Mr Chris Peacock, at agents Jones Lang Wootton, says: "Everything has changed because of the growing realisation that many buildings in the heart of the City are no longer suitable for the new generation of financial firms and that a prime location is no longer so vital. No-one can now afford to believe that location alone will let a building."

The common view is that a City fringe "renaissance" is underway. Mr Cris Toliast, of St Quintin, says demand for large chunks of quality office space is insatiable and demand will continue to spur big developments in the eastern and northern City fringes.

"Insurance companies ere migrating northwards and professional services are relocating in ever-increasing numbers to Chancery Lane and Fleet Street," he says.

The eastern City fringe provides the most obvious example of the new momentum. The area has seen more development than any other around the City's edge. According to Mr Richard Main of the agents which bears his name: "Virtually one-third of the City centre is now a conservation area. If occupiers cannot get what they want there and it cannot be created, then they will have to go where it is available.

"The eastern fringe is already an established adjunc to the City market but the potential for further development and rising values is enormous."

Main calculates that more than 250,000 sq ft of office space a year has been taken up each year on the eastern fringe during the last seven years. He believes that a continuation of the trend will lead to shortage.

"When a traditional City occupier like the London Commodities Exchange decides in favour of a location like St Katherine's Dock, it changes everything," he says. "At a stroke, the City property market has to be redefined.

"Some fringe locations will never make it, in spite of pressures on the centre, because of factors like communications and eates. But Tower Hamlets has the best rates record of any fringe borough. Areas like those around Tower Hill will be big growth centres."

The change of heart among occupiers has been rapid. Their readiness to take the right space in what was once the wrong place has brought quick success to a generation of office schemes. These were originally seen in some circles as high risk but which have proved to be spot-on in specification and timing.

Mr Peacock says: "It is becoming increasingly difficult to define exactly what constitutes peripheral space. Given the plans for Liverpool Street, can we continue to regard that location as anything other than an integral part of the central City market. And who would have rated Billingsgate until the London & Edinburgh scheme managed to achieve £27 a sq ft?

"The central area will, from now on, provide very few opportunities for development on the scale and of the type which many tenants will require. It is to the peripheral areas that developers and occupiers will now have to look."

Market

Whether the fringes will be able to fulfil the demands of the market is not a foregone conclusion, especially bearing in mind the planning obstacles. In the short term, the supply of suitable accommodation looks limited.

The number of 100,000 sq ft-plus office schemes available on the market—all on the fringes—can be counted on one hand. There is:

● Bury Court House (107,000 sq ft), the Haslemere scheme which, after an abortive part-letting, is still vacant.

● Triton Court (200,000 sq ft), the Royal London Mutual Insurance complex at Finsbury Square, where several big inquiries are being pursued.

● 50 Ludgate Hill (119,000 sq ft), the City of London Real Property scheme. An adjoining 63,500 sq ft in Old Bailey has just been let to Deloitte Haskins and Sells.

● Nearing completion is 1 Prescott Street (125,000 sq ft), the former Co-operative Wholesale Society headquarters, on the eastern fringe in an area where names like J. H. Minet, Hogg Robinson and Sedgwick Forbes have settled.

● Angel Centre (175,000 sq ft), the London and Merchant Securities building at Islington is still looking for a tenant prepared to locate on the outer edges of the fringe market.

Looking further ahead, and after a gap which could put considerable pressure on rents, there are several big schemes in the pipeline. Few doubt their quality, or their ability to match occupiers' requirements, and any reservations about their location are likely to be quickly overcome, if only because there will be few alternatives.

The projects include the redevelopment of Liverpool Street end Broad Street stations by Mr Stuart Lipton's Stanhope Securities, which will ultimately provide about 1m sq ft of net office space. The first accommodation should be ready at the end of next year.

There is also the London & Metropolitan project on the site of the former BP complex in Ropemaker Street, where demolition work is underway and which will provide 750,000 sq ft of space. It is due for completion in the summer of 1987.

Norwich Union is also fuiding major office schemes at Fenchurch Street Station, due for completion et the end of 1986, and an 86,000 sq ft project at Finsbury Circus.

Prospects

Still waiting in the winge is the office scheme proposal close to St Peul's by Wimpey Property, in conjunction with St Bart's Hospital. Over the river, Chesterfield Properties' 130,000 sq ft scheme in Southwark, New City Court, should be completed in early 1986.

Perhaps most interest surrounds prospects fo rthe office space being created on the south bank of the Thames, which, by virtue of the river's intervention, remains the biggest fringe market.

Second only in size to St Martins' London Bridge City is the redevelopment of Sea Containers House, built as a hotel but never used for that purpose. The chalelnging conversion is well underway and, when completed by Easter 1986, will provide 272,000 sq ft of space. About 68,000 sq ft has been pre-let.

But it is London Bridge City on which most eyes are focused. The ambitious £350m development will provide up to 2m sq ft of top quality space on the water's edge. If the project was on the north bank its success would be a foregone conclusion, but its creation is still widely seen as a gamble which few would dare, or care, to make.

St Martin s, however, seem encouraged by the interest being shown by prospective tenants. With the first space due to become available in little more than a year, there is evidence that occupiers are prepared to locate south of the river if the accommodation is right. London Bridge City would appear to be offering a quality of environment unmetched north of the river.

If St Martins' bold decision is vindicated, then the transformation of attitudes among occuplers can be said to be complete: the boundaries of the City office market can finally be redrawn.

M.C.

William Cochrane looks at the impact of changing demands from tenants, new technology and energy services

Gambling on a new address

Occupiers

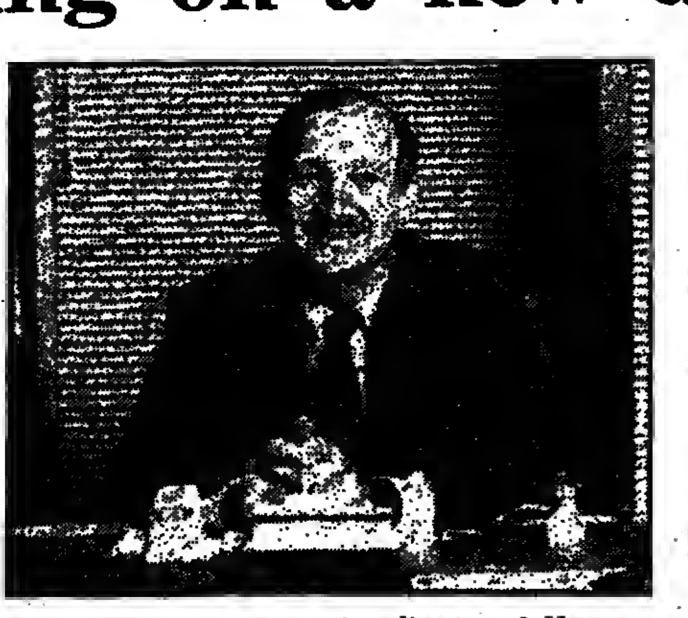
LOTS OF gambles are being taken in the City of London today. The big ooe is the securities industry revolution, which could lead to 30 maxi-financial corporations competing for business by the end of 1986.

Overcapacity could lead to reduction, or even temporary elimination, of profit margins. Meantime the punters—typically banks with 29.9 per cent holdings in stockbrokers and jobbers—are being urged to put their alliances ioto fringe city buildings mainly under construction or in the planning stage.

Mr Gordon Pepper, Greenwell's joint senior partner, said last year that the abolition of commission scales and the entry of substantial new outside competition into UK gilts business will increase the number of primary dealers to between 20 and 25—which will come down to 10 or 12 over three years.

The agglomerates considering moving into new property are facing fitting out costs of £50 to £60 a sq ft—£10m to £12m for a 200,000 sq ft building—at the time wheo margins are coming under pressure. A bear market in equities, though currently in a dramatic worldwide bull phase according to brokers Quilter Goodison, would make a very messy coincidence.

Samuel Montagu, the merchant bank owned by Aetna Life and the Midland Bank, itself linked to leading gilt-edged stockbrokers W. Greenwell, was scheduled for a move to London & Edinb... sq ft of offices next to Billingsgate market. It is having second thoughts.



Andreas Prindl, a managing director of Nomura International, advises caution on the prospect of maxi-buildings for maxi-corporations

Barclays has agreed to pay £3m a year for Ebbgate House, the 129,000 sq ft office building overlooking the Thames. Barclays Merchant Bank will be joined by Wedd Durlacher Mordaunt, the jobbers, and brokers de Zoete & Bevan in a new international securities compaoy.

The building was developed by Daysbridge Investment, a subsidiary of Edger Investments, part of the Prudential. Daniel Smith were letting agents and Healey & Baker acted for Barclays.

Traditionally long on brains and tight on capital base, it is no wonder that merchant bankers are becoming cautious about the property aspects of all these variables. The apparently straightforward move of the Barcleys de Zoete Wedd combination to Ebbgate House on Upper Thames Street might owe something to having a clearing bank as ultimate parent—and one which is not up to its neck in South American debt.

Committed

S. G. Warburg, in a formidable link-up with Mullens Akroyd & Smithers and Rowe & Pitman, is keeping its property options wide open. It had just moved to Land Securities' 128,000 sq ft King William Street House in August when brokers Scrimgeour Kemp-Gee estimated that the proposed grouping would need at least 250,000 sq ft if the constituents came together in physical terms.

Warburg was committed to the King William Street move long before the revolution, starting to fit out the building in August 1983. It is constantly looking at the property market, but says it would not be sensible to assume that it is on the move again.

Last year's move cost a lot of money and nobody knows whet the securities markets will be like in a couple of years.

Warburg does seem committed, however, to big open-plan floors and a City address. It investigated moving staff from the back-office to an out-of-town location and was disappointed by the results.

It has more than 900 people in King William Street. Bringing in the other three firms would raise its UK base to 1,800. But the growth in numbers masks the fact that back-office staff take the least space, and their numbers have been held in check by use of computers.

There is more to City occupancy than the marriage market, however. Nomura, Japan's biggest securities house, with a $5bn capitalisation, has seen its European headquarters staff rise to 240 from 90 people in 1981. It will need even more with the growth in underwriting, bond trading and market-making.

Dr Andreas Prindl, a managing director of Nomura International London and Nomura NV Amsterdam, says the Euroyen market, where his company is the biggest player, has opened up. The ethnic balance of its UK staff has switched so that there are now some 200 Westerners, and 45 Japanese. Most are "up front" and the company wants to be in the City where it can attract extra staff.

Presently in an undistinguished 30,000 sq ft at 3 Gracechurch Street, the company is due to move in May to Centurion House, at Monument Street and Pudding Lane, where it will have 54,000 sq ft split into about 7,000 to 8,000 sq ft a floor.

Dr Prindl advises caution over the propect of maxi-buildings for maxi-corporations. "Most already have their buildings," he says.

He expects that a few will choose blocks with giant dealing floors. "But if you're 200 ft away from somebody on the same floor, you're not exactly integrating, are you?"

Blueprint for a building

MR TONY Wollaston, of agents Healy & Baker, has produced a fairly comprehensive list of requirements for a new City building, acknowledging that solicitors and securities houses could differ widely in their neds.

His "very general summary . . . not necessarily in order of priority," is:

- The building must be air-conditioned with a variable air volume system, preferably ofa modular design with each floor served by its own plant to minimise running costs, especially for out-of-hours work.
- Round-the-clock access, which involves 24-hour security and its associated costs is virtually essential, especially as the international financial markets work 24 hours a day, 365 days a year; many foreign teannts ned to deal with offices on the other side of the world.
- The building must be efficiently designed to minimise energy consumption and to achieve low running costs.
- Floors should be about 20,000 sq ft, although there is demand fr(n certain sectors of the market for floors as big as 30,000 sq ft. With increasing floor size, special attention has to be paid to arrangement of common parts to enable areas to be split.
- A 60-ft floordepth, window to window, seems increasingly popular but in a new building some areas could be slightly shallower and others slightly deeper to allow executive offices and larger dealing areas resyectively.
- 9ft ceiling height from floor to acoustic tiled ceiling.
- Accessible floating floors with a 4 in void. This should satisfy most cabling requirements but where there are special areas which demand a larger void such as computer or dealing rooms, this could be accommodated without reducing the floor to ceiling height unacceptably.
- Institutional investors appear to prefer 100 lbs per sq ft loading, even though most normal offices require no more than about 60 lbs per sq ft. While computers are being miniaturised, most new machines are taller, to minimise the floor area occupied —which inevitably increases weight per sq ft.

Coal wins heated debate

Energy

QUANTITY surveyors keep their eyes on costs. However, Mr Peter Sanders, of Gardiner & Theobeld, gives full credit to consulting engineers, Ove Arup & Partners, for the energy aspects of the refurbishment/redevelopment of Triton Court in Finsbury Square.

More than £28m was spent rebuilding and renovating the former beadquarters of the Royal London Mutual Insurance Society, which moved to Colchester. All in the space of two years. Richard Ellis managed the development, with Sheppard Robson as erchitects, and Trollope & Colls as main contractor.

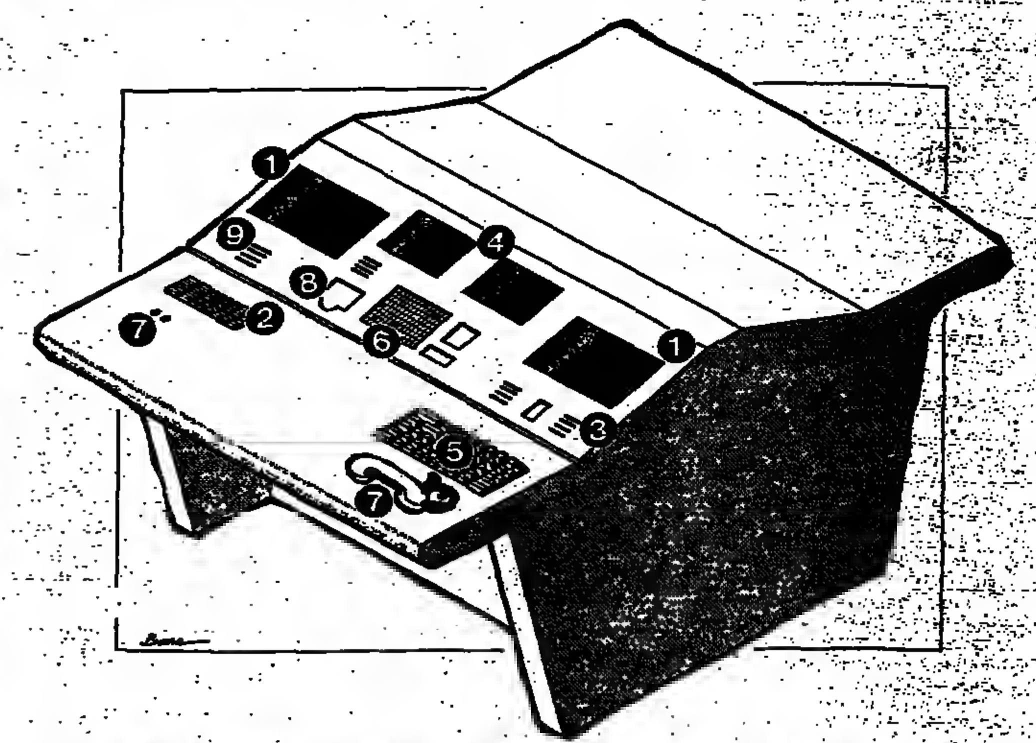
At the design stage a study was prepared by the consulting engineers to determine the long-term strategy for heating the building. Consideration was given to natural gas, oil, coal, off-peak and ordinary-charge electricity.

The engineers concluded that:

- Oil could be ruled out, on the basis of running costs and the uncertain long-term availability of fine distillate oils;
- On-peak electricity could be ruled out on running costs;
- Gas was not available in excess of 25,000 therms per annum: the building required approximately 10 times that amount;
- Off-peak electricity, using a high-voltage night tariff, compared favourably with gas in running costs, but had the highest capital cost in thermal storage vessels. Electricity had the advantage of not needing chimneys, but was the least flexible of fuels for the user, requiring considerable plant modification for a change of fuel. Changes could be made more easily at the generating plant, and for this reason the supply of electricity should remain stable;
- Coal had the lowest running cost but a higher capital cost than gas or oil. It bed the lowest cost in use — about half that of off-peak electric heating. Modern coal-fired boilers burn coal cleanly and smokelessly, and even ash removal could be semi-automatic.

The engineers' conclusion was that a coal-fired installation should be adopted. They said Britain had large coal reserves, and its long-term supply could be assured.

Present considerations apart, Mr Sanders says, the boilers can be converted to gas or oil if that becomes necessary.



One of the 56 corporate dealing desks designed for Midland Bank group treasury, which could quadruple business with the same number of people behind them. Each comprises:

- Foreign exchange display screens (1), keyboard (2) and speakers (3); Reuter screens (4) and keyboards (5); dealer keyboard (6) and speaker (9); telephone sockets (7) and intercom (8)

Bankable new technology

Interiors

POLITICIANS and other prophets have produced visions in recent years of massive voids in ghostly city offices centres, as information technology takes work away from the human animal and stuffs it into some decentralised computer. Or IT takes the human animal away and plants him in front of a visual display unit at home.

Curiously, this does not seem to be happening. Computers are cutting, or certainly limiting, the increase in back-office staff in the City of London. But employers have ben emphasising that their "front men" need to work together. That benefit from contact with competing or complementary teams, either in the markets or in eating houses, they claim.

Academic seem to have been a lot more practical about it. In February 1983 a research report by the Centre for Advanced Land Use Studies (Calus) at the College of Estate Management Reading said IT was having a much more significant impact on the type of office space rather than the amount required.

Calus thought it unlikely that the demand for space would fall over the next five to 10 years. Locations might be more widespread, but while the availability of IT was necessary for decentralisation of offices, it was not a reason for this.

Opportunity

Meanwhile, IT has combined with the burgeoning revolution in the securities industry to put City dealing rooms into the limelight. A banking executive charged with filling the property requirements of one of the big new combinetions talked abont a sort of financial La Ronde on one big floor—"banking people con tiguous with Euromoney, that contiguous with currency swap, that with bond traders, bond placers and so on, round and round. . . ."

Builder Trollope & Colls sees this as an area of distinct opportunity. T & C City has been involved in a number of dealing room projects, the London International Financial Futures Exchange being the prime example. T & C Management towards the end of last year was completing a dealing room for Union Discount at39 Cornhill.

So last October T & C formed Trocoll Communications as the vehicle to take a complex, high technology project such as a dealing room from conception through to completion.

Its package deal would involve identifying the equipment available, liasing with suppliers, designing a technical, aesthetic and economic design solution, designing specialist dealing desks and interior furnishings and carrying ont the installation.

Mr Alan Runnicles, a director of T & C Management, said: "A dealing desk takes 1,500 wires. Individual work stations need less but, increasingly, architectural design does not take into account all the factors which make a dealing desk work."

T & C, a subsidiary of Trafalgar House, admitted informally that work for the specialised offsboot could generate more jobs for T & C itself—the corollary being thet Trocoll would not insist on being project manager for every job with which it was associated.

"We will work just as happily under an architect, or directly from the client bringing in an architect of our own choice," Mr Runnicles said.

At Lawrence Pountney Hill, off Cannon Street, the APCI (PMI) design and project management teams have been in the Suffolk House offices of the Midland Bank group treasury for 2½ years. First they fitted out the corporate dealing room, completed last December; the second and third phases involve a computer suite and a trading room, due for completion in March and December 1985 respectively.

APC was faced with the restraints of out-date building services systems, and the restrictive geometry of building shapes and heights. For the corporate dealing room, it had to get 56 desks incorporating the latest rapid communications systems and revolutionary concepts in design into less than 5,000 sq ft).

The client's brief was to provide a dealing desk where the screens and monitors were concealed behind a transparent perspex top positioned at a shallow angle. This provided dealers with an unrestricted view of their office and colleagues.

The design team used uplighting to avoid the glare which often affects VDU operators. Heat from monitors in the desks is extracted through the floor, air conditioning comes from a ventilated ceiling. A new plant room was needed to augment existing air conditioning, which would not be capable of handling the heat generated by the communications equipment.

The contrast between recent and present dealing-room technology is impressive. Midland has an interbank room on the the same floor which is about four years old. It has tight, modern, modular work stations, with what looks like eight pieces of equipment, mainly VDUs, on the desk top—a lot of clutter.

In the corporate dealers' room everything is below desk-top level, Mr Sylvaine Reinhold of APC says. Fewer screens take more services—and are capable of taking even more again.

"The whole room, including the technology inside the desk, was designed and developed in four months," he says.

The decor is black and grey, impressive and subdued but rich.

Mr Peter Gallant, in charge of marketing, sales and distribution for the Midland Bank group treasury, says: "The dealing room is probably the most dynamic, interesting, high profile bit of a bank."

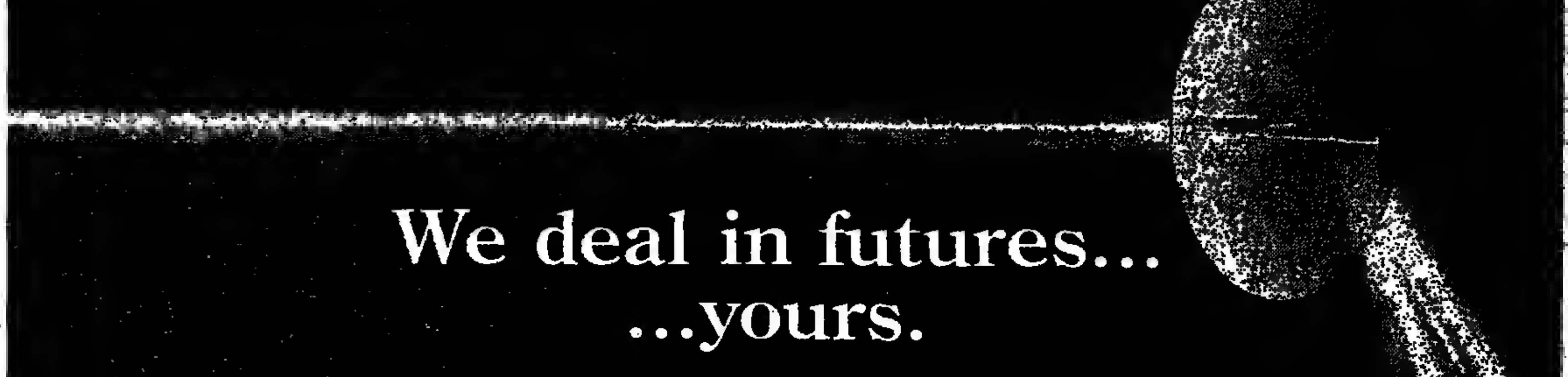
"It's like the assembly line where British Leyland puts cars together. It's the hub, noisy and interesting. It has to be functional, a communications centre and a showpiece for visitors.

"A lot of people in our business are prepared to spend time desiging facilities with unique qualities. If I bring a customer here I want him to remember this one."

Midland wants its dealers to manage the technology rather than vice versa. "So the technology is lost in the furniture —not the traditional way of building a dealing room," Mr Gallant says. "The traditional would have technology heaping up on top of a table."

"What's more important, the man or the machine?" he asks. He provides his own answer, "Until we have artificial intelligence, I assume that it is going to be the man."

The project costs about £30,000 per work station. This sounds a lot, but Mr Gallant says: "We are capable of at least quadrupling our business, with the same number of people."



Jeffrey Brown inspects the health of property companies with City-based portfolios

Shelter from storms of revolution

Corporate Sector

THE CITY factor looms large in the boardrooms of UK property companies. Company directors with assets in the City breathe with comparative ease: those who have no City connections look on with undisguised envy as asset values and rents continue to outperform the property sector averages.

Agents Richard Ellis say office rents in the UK rose by an average of 8.4 per cent per annum in the six years to March 1984. In the City, average rents over the period improved by 9.8 per cent, with top quality offices lifting rents by 11.4 per cent—a return that outperforms the national average by more than a third.

Rental strength is only part of the City story: growth of asset values in the Square Mile has also been well above the sector average. This has helped set new standards of portfolio management, shown the way to improve returns on capital and set hte seal on hopes for revival of investment appeal.

Having suffered sharp swings in business climate, property companies are going through a period of radical adjustment—some would say revolution. The inflationary spiral which did so much to keep the sector bubbling in earlier years has been checked. Recession has added fresh burdens to the problems of accommodation oversupply.

In the City these blows, damaging to company confidence as well as cash-flows, have been partly cushioned. In 1984, certain segments of the property market showed signs of getting to grips with the depressed business environment. This was especially true of companies with a big City element in their portfolios.

Companies like Land Securities, Great Portland Estates and Haslemere Estates have roughly a third or more of assets in the City. They have been in the vanguard of the shift in management thinking away from pure development. The emphasis, not notably among City properties, has been on refurbishment restructuring.

The City office market has also been one of the most mobile. Change in itself creates opportunities for alert management, and coupled with the prospect of a reduction in corporation tax, has underpinned heavier dealing activity by property companies, enhancing the attractions of trading profits.

The developer-trading company is a more established part of the property scene, and there have been plenty of new arrivals over the past year. Many mature development groups, notably the mighty Land Securities, have also begun fairly big dealing programmes to enhance profits and cash-flow.

In general, the outlook for new development remains hazy and even in the City there have been setbacks. Tenant demand in the core and fringes is strong, but only for the best accommodation and for offices that fit the changing demands of financial concerns.

Monitored

Developers have to avoid creating "dated" offices. A number of unlet conventional developments have shown signs of being stranded, victims of the tenant swing towards large floor areas. The City's financial services and banking revolution, courtesy of stock market deregulation, looks to have caught a number of property companies napping.

The impact of the shake-up in the financial markets and the prospect of several big international trading houses being created is having a dramatic impact on the lettings market and the kind of accommodation required. City property men see this as a big factor for at least another two years.

The City is the most closely monitored development market, and past predictions of a revival have proved premature. It remains intensely competitive. Agents Richard Saunders say the amount of vacant City office space stood at 6.2 per cent of total accommodation stock last November. The percentage 12 months earlier had 5.4 per cent.

Doubts caused by the building up in the City fringes have also begun to reach the surface. However, there is plenty of precedent to suggest that the institutional trend to move from the City's inner core is not going to leave the central business area with weak demand and poor rental growth prospects.

Agents and stockbrokers wave aside attempts to stem the rolling tide of City euphoria. Here lies the way ahead, they say. It is this style of portfolio management that has to be adopted, to varying degrees, elsewhere in the UK. The City remains circumspect about property investment, but could just be beginning to warm to the idea of an investment revival.

Direct investment by the main institutions is still flat, but property is going through the first pangs of rejuvenation in the stock market. Having undeperformed in 1984, property shares are now being seen as a strong defensive hedge. City-based groups head the broker tip sheets, and so do companies with strong and innovative management.

Last year property shares improved by about 19 per cent against 26 per cent for the stock market as a whole as judged by the FT-Actuaries indices. The under-performance was even more marked during the final quarter of 1984, extending the depths to which most property share prices discount underlying asset values.

Haslemere Estates has about 40 per cent of its assets in the City with an additional 23 per cent or so in Holborn and the West End. Its investment rating reflects these factors plus its property dealing, development successes and dividend record.

Net rents last year totalled £13.4m with pre-tax profits emerging at £5.8m. Two new City developments have added 165,000 square foot of prime office letitng to the portfolio.

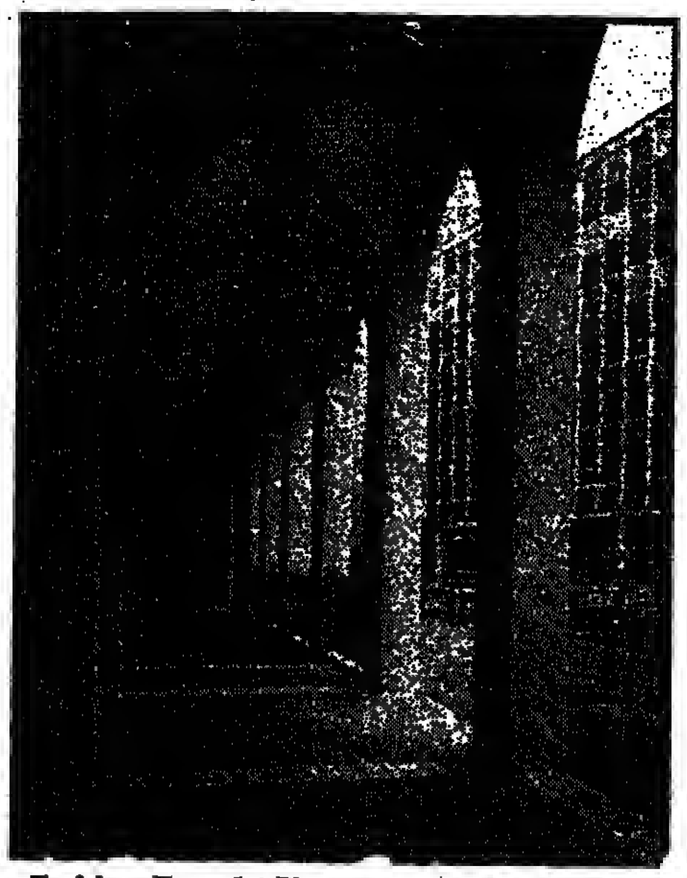
Last autumn's takeover of Churchbury Estates has diluted Greycoat City Offices' Square Mile holding from 65 per cent of its portfolio to about 35 per cent. At one time the group was saddled with unlet City offices, and recent revenues have suffered accordingly. But group lettings have ben successfully transformed and the Churchbury deal was widely applauded.

Net rents last year were £2.5m with pre-tax profits running to £1.05m.

Entrepreneurial management and a City property holding extending to about 45 per cent of total portfolio are key factors underpinning British Land in the eyes of the investment community. A 360,000 sq ft complex, Plantation House, dominates the asset base, but die-hard fans of the company point to its short leases and frequent rent reviews.

British Land is acquisitive—cash assets last March totalled about £32m—and invariably full of surprises. Net rendt last year totalled £13.3m and pre-tax profits were £8.8m.

London & Edinburgh Trust is the largest of the independent property dealing companies, valued in the stock market at more than £40m. It has a string of ambitious deals in hand, notably the £100m redevelopment of Britannic House, and has non-recourse borrowing links with Chase Manhattan Bank. The company's portfolio values are growing rapidly.



Trafalgar House let Plumtree Court, off Shoe Lane, to Coopers & Lybrand for £17.25 a sq ft but achieved only just over £45m in the sale to Norwich Union, showing the relative weakness of the western fringe market.

LEADING CITY DEVELOPERS

	Stock market value (£)	% of portfolio in City
Land Securities	1.53bn	29
Hammerson	745m	10
Great Portland	223m	31
Haslemere	149m	40
British Land	122m	45
Wates City	110m	100
Greycoat City	108m	35

Source: W. Greenwell

PROFILE

Fledgling on a narrow base

WATES City of London Properties was formed last autumn when the controlling Wates family launched the company on the stock market. It has a property portfolio valued at about £98m, and is going through a period of rapid expansion in rental income as new lettings come on stream.

All Wates City properties are in the City of London, the bulk in the central core. By most property company standards, this is a narrow base, but Wates City has no plans to move outside these boundaries.

The company had been the development arm of the Wates housing and construction group and family interests retain a major shareholding in Wates City, but the company is now independent. After issue expenses, debt repayment and payments to the Wates family, last September's sale provided Wates City with £25m for expansion.

Rental income has risen rapidly in recent years, and continues to increase with new lettings. In 1981 net rents totalled £1.5m; they are forecast to emerge from 1984 at £3.3m, and expected to rise to at least £4.5m during the current financial year.

This rapid increase has been mirrored lower down the profit and loss account with pre-tax profits set to rise to £1.3m for 1984, according to September's prospectus. In 1981, the company's pre-tax profits were £258,000.

The portfolio comprises 10 properties, of which the flagship is the City Tower in Basinghall Street. Wates City has a 58 per cent interest in this property, which is being renovated and let. The City Tower provides more than 133,000 square feet of prime office accommodation. It is valued at £22m, or almost a quarter of the group portfolio.

Wates City's prospectus says the portfolio consists of five high-quality investment properties, three properties under development and two smaller ones held for future development. The five investment properties account for half the portfolio floorspace, including 74,500 square feet valued at £22m in Queen Victoria Street.

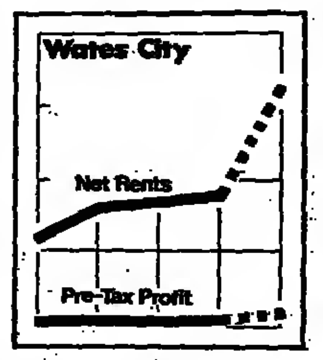
The company is unique in the City in that all its properties are confined within this single, narrowly defined geographic area. In any other part of the country, this factor might have met investor criticism. But the City of London is, in many senses, a place apart. The financial and banking revolution has meant above average rental growth and almost continuous demand for office space.

Even so, the company only just got its share issue successfully off the launching pad. Wates City shares were offered for sale at a discount to asset value of 15 per cent at a time when the average property company discount stood at 24 per cent. The premium took account of the quality of the portfolio, the prospectus said.

The share issue was eventually oversubscribed, but it was left to one big institution, Scottish Amicable, to take up a large slice of the available equity. The Wates family and foundation owns 48 per cent of Wates City, and the Scottish Amicable emerged with a 20 per cent shareholding.

Subsequently, the shares have commanded a steady premium to their 100p issue price, moving to 117p at one stage. Wates City's business philosophy is to create and hold for investment prime office buildings, of architectural distinction which will provide an attractive and flexible working environment.

The management team, headed by 46-year-old Mr Paul Wates, armed with the £25m launch proceeds is confident of continued growth.



	Net Rents £	Pre-tax Profit £
1980	1.15m	0.075m
1981	1.59m	0.26m
1982	1.42m	0.27m
1983	1.75m	0.29m
1984*	3.3m	1.3m

*Prospectus forecast

PROFILE

Giant updates its assets

LAND Securities is by far the biggest UK property group, dominating the field with an ease born of long established pre-eminence. In the last published balance sheet properties were valued at £2.19bn, and the stock market value of the company's shares is currently twice that of its nearest rival, the Hammerson group.

Having grown rapidly by acquisition in the late 1960s and early 1970s, Land Securities has continued to expand during the past decade through development programmes. Its bigger takeover coups have been City Centre Propertis in 1968 and London Real Properties a year later. In 1971, Westminster Trust came into the fold.

The company has no buildings outside the UK. The bulk of operations centre o n London, which accounts for some 70 per cent of the property portfolio, although Scotland and the North West account for about 5 per cent apiece.

Offices form 60 per cent of the group's properties and retail premises 36 per cent. The group owns 11.1m sq ft of net office space, including 8.2m in the City, West End and Victoria areas of London. The City accounts for almost 29 per cent of the total portfolio.

Land Securities owns 4,364 shop units, including 346 selling areas in excess of 3,000 sq ft. A sixth of the shops portfolio is in the West End, with the Home Counties representing just under half of the retail portfolio. Most of the group's interests outside the south of England are retail.

Profits have been moving ahead smartly in recent years, buoyed mostly by rent reviews. From 1980 to 1984, net rents expanded by more than two-thirds to £104.8m, while pre-tax profits surged from £38m to £84m.

Group performance has been equally impressive lower down the profit and loss account, where it really counts. Net earnings per share almost doubled over the four years and shareholders returns have risen by 63 per cent. The gross dividend for last year was 10.4p, against 6.4p in 1980.

The profit growth of recent years has been achieved in spite of heavy expenditure on redevelopment and refurbishment. About £178m has been spent since 1982, a substantial part of which is now coming to an end. A clearer picture will emerge when the 1984-85 accounts are published in the summer.

Last year, additions to group properties totalled £77.2m.

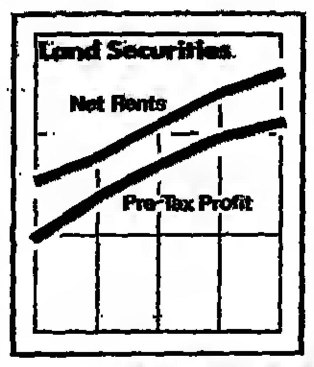
Through its Ravenseft Properties subsidairy, the group used to be one of the busiest developers in the country. Over the past few years, the boardroom emphasis has clearly switched from new schemes to improving assets.

Refurbishment in the City has figured prominently. Over the next few months work will be completed on almost 1m sq ft of central London office space, of which some 70 per cent is pre-let. Construction of 150,000 sq ft of new space is also planned or in hand.

Th past year also produced evidence of heightened portfolio management. Land Securities could never be accused of acting simply as a rent collector but property trading and refinement has gathered pace. In the four years to 1983, property disposals totalled £23.3m; for 1984 the figure was £52.4m as portfolio weeding moved into top gear.

In spite of its size (or perhaps because of it) Land Securities tends to keep a low profile, shunning publicity and saying little. But its actions under the guidance of Lord Samuel of Wych Cross, who set the company on the road to success as plain Mr Harold Samuel in 1944, speak volumes.

When the programme of refurgishment is completed in the early spring, something like four-fifths of the group's major office buildings in the City and central London will have been redeveloped or up-dated. Buying of freeholds continues apace.



	Net Rents £	Pre-tax Profit £
1980	[illegible]	38.1m
1981	70.5m	54.9m
1982	84.2m	67.4m
1983	96m	78.2m
1984	104.8m	84m

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Ibstock Johnsen

Putting the shine on bricks and mortar

Joan Gray reports on a classic case of industrial rebirth

PAUL HYDE-THOMSON, chairman of Ibstock Johnsen, now one of Britain's largest brick companies with an 11 per cent share of the UK market for facing bricks, never really wanted to be a brick-maker.

"But it was o family firm, and I'd been by hlind father's 'eyes,' leading hlm round the fectory aince I was nine, and my elder brother didn't want to take on the company, so there was just me left."

Despite hia initial reluctance Hyde-Thomson has achieved e feat whicb companies in many other induatries could well try to emulate: the transformation of a mature business, with low added value, into an Innovative, up-market and highly profitable enterprise. As a result it has had to fend off a atring of admiring sultors over the last few years, including Redland and London Brick, two of tbe giants of its industry.

Hyde-Thomson has not only been in the forefront of a move to change the sbape of the UK brick industry from local purveyors of clay to nationwide manufacturers of an increasingly elaborate range of products.

He has also been a key figure io the move to introduce more sophisticaled marketing techniques which present hrick not just as a commodity but aa a vital element in modern architectural design. And, particularly In recent yeers, he has helped change the face of Britain's buildings; after decades of concrete and glasa brick *is* back in *fashion.*

When he succeeded his father In the early 1950s, Ibstock had ooly one site with two brick plants on it which made the origlnal Ibstock hricks: ooe a light, and the other a rather darker, shede of huff.

The company now has 10 sites In Britain producing more *than* 100 types of brick of dlfferent sizes, shapes, types, textures, and colours. A similar range is produced by its two subsldiaries in the U.S. It prides itself on never yet having been beaten by a customer's requirement for e special brick.

Ibstock's brick products turnover in the most recent balf-year, to June 1984, was almost £46m, over 40 per cent of it in the U.S. Pre-tax profits trebled, to over £4.5m in spite of a £1.6m loss in the U.S.; the company says this was "cut back" by profits during the second balf, and that lt bopes to see a £2m U.S. profit by the end of 1985.

It all started because "I was eager to expand and also had a very ambitious aales director," says Hyde-Thomson. "I realised that just Increasing the size of our *buslness* in *Lelcester* and trying to sell to a market limited by baulage rates wea not going to satiafy either his ambitions or mine."

From the etart, Hyde-Thomaon was interested In marketing and in sbaping the uses to whicb his products were put. "If you just treat brick making as putting one lump of clay after another and don't take an interest io tbe aesthetic side, it's all very dull—real bair-shirt stuff."

He also realised the power of architects and the importance of meeting their demands "very early on, from a fierce Glaswegian who tore strips off me as I stood in his office." The *discovery has sbaped his expan*sion plans ever since.

One of bls first moves in expanding hls business was to take on a nationwide sales team —and then he *discovered* that they were being asked for types of brick otber than the standard Ibstock light or dark buff.

"So that led us to embark on a string of acquisitions to develop a national company," be says. "We expanded by acquisition because opening up greenfield aites in brick making is hazardous—you never know what you'll get. So we chose existing works—even if they were derelict—so that each had a *different* raw materlal to make *its* own range of products to complement the others and whlch were well sited to serve new areas."

By the end of the 1960s, Ibstock had widened lts prodnct range and achieved national coverage; "bnt we were still only selling bricks," says Hyde-Thomson.

Tha solution be saw lay in stimulating demand from architects for whom large-scale brick building offered new opportunities after the glass and concrete decades.

"They wanted to use brick bnt needed odvice in doing so," be said, "and we realised we could encourage architects to use brick if they knew they could come to us for help In solving problems. It would help us sell more bricks—and also made it more interesting for us to contribute to the design and be involved *in the architecture* rather than just supplying a commodity."

Ibstock opened a cbain of brick design centres offering a *free advisory service on* how best to use brick. It now bas six in the UK, with two more opening this year. It beld seminars giving technical information about brick, and started deaigning "specials," including 16th century twisted chimneys.

Providing a continuous supply of new types of brick and free *advice* on bow *to use them* has helped foster its use as the newly fashlonable medium for offices, sbops, supermerkets, petrol stationa.

And encouraging architects to use bricks for substantial commercial developments bas helped Ibstock reduce its dependence on tbe volatile and fluctuating bousing market to the point where only 50-55 per cent of its output is used for housing, compared with the national figure of 75-80 per cent of facing bricks being used for housebuilding.

As well as encouraging architects to use brick for new developments, Hyde-Thomson is also optimistic about the growing prospects for using lt for refurbishing unsightlv and weather-ravaged concrete. Ibstock is currently working on "a badly stained concrete flyover in Ilford, Essex, cn which we are putting a new brick facade —and if that is successful, there are several more simllar projects on the line."

He is now concentrating on Ibstock's activities ln the U.S. —and trying to learn from mistakes made in an earlier attempt to expand into Holland.

From 1972 onwards, Ibstock invested £8m buying six brickworks in the Netherlands, from which it made £4m profit until market changes led to a series of beavy losses. The saga culminated ln the sale of Ruga Beheer, the aubsidiary, to Redland for £1.2m early in 1983.

Ibstock entered the U.S. market in 1978, with the $30m purchase of Marion Brick and Glen Gery. This gave it a brick making capacity of *500m a year*, all In plants based within reach of the main population centres of the North East.

"We decided to go to the U.S. because *the industry was* not being marketed there," says Hyde-Thomson. "Not one hrick maker had its own showroom. Only dealers had showrooms, and when I was surveying the market one architect in Maohettan told me *he* wouldn't have seen me if I'd been a U.S. brick maker because '*they're just farmers* who produce a commodity,' and was amazed that I could talk architect's language."

But despite the bright hopes, the U.S. investment haa been a loss-maker for the last three years. This was largely because of a decline in the 2 million-starts-a-year housing market to which Marion and Glen Gery sold 75-80 per cent of their brlcks, Hyde-Thomson explains.

Now, after dropping to 280m bricks a year in 1982, output from Ibstock's U.S. subsidiaries has climbed back to 375m bricks in 1984, and is predicted to rise to 420m in 1985. Hyde-Thomson is expecting a U.S. profit *this* year of around £2m—the first since 1978-79.

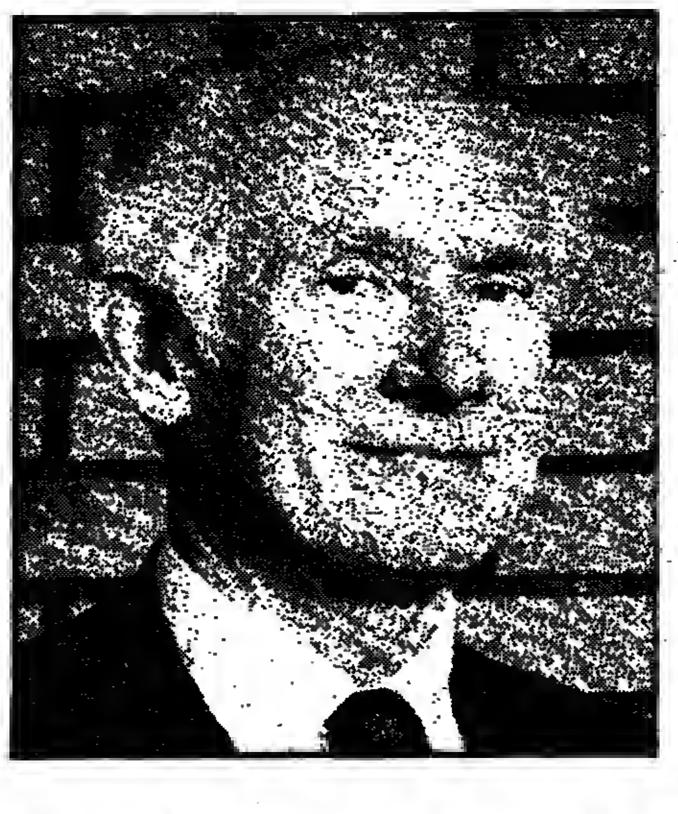
The return to profit has resulted from a combination of factors: a recovery ln the U.S. housing market and construction industry; o rationallsation programme involving closing four out of the original 11 *plants;* and a *$6m* marketing offensive.

As in the UK, Ibstock has focused its marketing in the U.S. on eocouraging architects to *use hrick* to *help expand* sales outside the fluctuating housing market.

These marketing efforts have already borne fruit.

"The value of the order book in the U.S. for this year is more tban 50 per cent higber than last year, indicating a value of sales of around $60m a year," *says* Hyde-Thomson, "with a far higber proportion of commercial and prestige projects than before."

"But what particularly pleases me," he adds, "is that we have just been asked to design New York State Parks' new public lavatories. They are not fine buildings, but it is a nice principle to be asked to do them instead of them just asking some civil engineers to knock up a few coocrete blocks behind the laurel bushes."



Corporate culture

'Drink with the drivers'

Leslie Dighton draws up fresh ground rules for best practice

WHEN MARTIN LUTHER nailed bis 95 theses on the church door et Wittenberg in 1517 he was signalling e malaise within the Roman church which was to end in schism. The assassination of Grand Duke Sergius in the Kremlin in 1905 was a signpost of barsher things to come, as liberal discontent turned into the Revolution of 1917. The anorexic child may be vividly symptomatic of a wider malfunctioning of the family system.

The survival and well-being of all aocial systems, whether large or small, seem to require the ability to read tbe aignals afresh all the time and play to new rules as the nature of the game changes. If growing awareness of the need for change meets rejection from a system which cannot easily adapt, it will barden into confrontation and crisis.

Tha over-riding requirements for o system to survive hinge on the reliability of data and the system's ability to respend flexibly. These two requirements lmply a profound change in the way we look at companies and measure their well-being, compared with the present method of "financlal accounting after the event." How can corporate leaders organise to "see" the data more clearly end ensure they are fast off the blocks when its significance is understood?

There are *various* ways of measurement but a self-appraisal exercise might usefully start with the following questions about the company'a fit with the ground rules for a "best" company.

Information. How "clean" are the signals coming through to the top? The likelihood is that *they are* processed through half a dozen or more layers, each lending its own particular interpretation to the original message. To get direct information on the company's culture try breakfasting with the caretaker; taking coffee with the secretaries; and a drink with the drivers. They have a prettv clear idea how management time is organised and used. One driver observed: "The top guys here are clock-watchers. No one can leave before 7 pm. They are looking at each other to see who leaves first."

Hierarchy. The test of whether data and judgment have high integrity is to look at tha way in which decisions get taken. One group prides itself on the democracy of its structure and the way decisions emerge from the ranks. Yet the secretaries will describe to you a "sense of appropriateness" prevailing in the boardroom which actually determines who gets there in what order, and who can speak and who can't. The real confrontation of ldeas is not encouraged ao tba seniority aystem wins, which normally means yesterday'a ideas, not today's.

Communication. The surest way to test the quality of data is to look at which type of messenger gets shot: the one who brings the bad news or the one who doesn't bring the bad news. To see clearly you have to get your head above the parapet and take aome risks. If the system protacts risk takers end gives prizes for lodependence of perspective, the company will not die from data distortion, whatever other ailments lt has.

> Alliances, partners and synergy are the name of the game . . . Too many companies are still at the "Me Tarzan" stage while Jane is being snapped up elsewhere.

Measurement. Soft systems leave accountability loose and vague. Hard systems insist on performance against budget and relate reward to achievement. The most resilient systems are always checking on; "How are we doing against the real (external) criteria? How are we against our best competitors in terms of quality of earnings, and market share?"

Marketing. Everybody wants to be No 1 or 2. Some get by well in a niche of their own. But to sit with the pack is, as one chief executive puts it, "Like prospecting for gold with a bunch of bananas. You might just bang in there till the bananas are all gone, hut that's about it." Alliances, partners and synergy are the name of the game, particularly in international markets. Too many companies are still at the "Me Tarzan" stage while Jane is being snapped up elsewhere.

Personnel practices. This is the area that gets least exposure to the reality of the market place. The question is: "If it doesn't make sense in the market place, does it make sense at all?" Some personnel departments enshrine visions of "fairness" and protect the staff from external standards as though they were discretionary variables. Others have become more *positive in what* they monitor and reward and are trying to "catch people doing lt right." Very few muster the detachment, nnless there is a crisis, to say "We like you very much. You have done a great job. We just do not want that job done any more."

Corporate staff. The traditional role for corporate functions is to second-guess line management and handle the important cases themselves. The result is demotivating and slows down the process. The backstop role of the corporate staff ia obviously central, but the way it really adds value is to promote change and challenge existing standards and perspectives. Above all it has to look for the energy release and creativity which comes when issues are well maneged across boundaries, lnstead of down separate tunnels of expertise.

Leadership. "I am their leader: I must follow them". was a cry from the barricades in 1848. Leaders who get out of touch lose credibility, but staying in touch presupposes something more positive than waiting for a consensus to emerge. A shared strategic vision is *fundamental to keeping a large organisation* aligned with ltself and its market place. We all need to carry the same basic pictures in our heads if we ere *going to move together.*

Very few companies can claim "hest" practice egainst these criteria. Yet because they determine the quality of deta and the flexibility of response to confirmen signals, they are the essence of corporate creativity.

Leslie Dighton is monoging director of Corporate Renewal Associates, n London-based consultancy.

TECHNOLOGY

EDITED BY ALAN CANE

HYDROGEN FUEL FOR VEHICLES

How to go with gas

BY DAVID FISHLOCK, SCIENCE EDITOR

A POLLUTION-FREE Iveco truck equipped with a small chemical reactor making hydrogen fuel on demand for its engioe is expected to take to the roads of Switzerlend this spriog.

Thia demonstration vehicle supercedes a prototype 17-ton hydrogen-powered truck which first ran in 1983. The most obvious differeoce is clear from the accompanying illustration. In the demonstrator, the reactor has shrunk to leave room for a payload.

The biggest attraction of hydrogen as a fuel is that it burns cleanly to leave nothing but water vapour. The biggest drawback — analogous to that of the electric car — is the cost of carrying enough energy to offer a useful performance.

Experiments by Exxon in the U.S. early in the 1970s concluded that the idea of an ooboard chemical reactor making hydrogen from a hydrocarbon fuel on demand was a feasible alternative to atoring hydrogen —except that no such reactor existed. The former Energy Research and Development Administration (now the U.S. Department of Energy) funded the work os a potential new use for off peak power.

This In turn drew the interest of the Swiss Federal Institute for Reactor Research (EIR) at Würenlingen, which aaw hydrogen-powered vehicles as o way of smoothing the peaks in daily demand on national electricity supply system whicb was changing from hydro-electric to a heavy dependence on nuclear power. Switzerland's five nuclear plants will be providing about 35 per cent of its electricity this year.

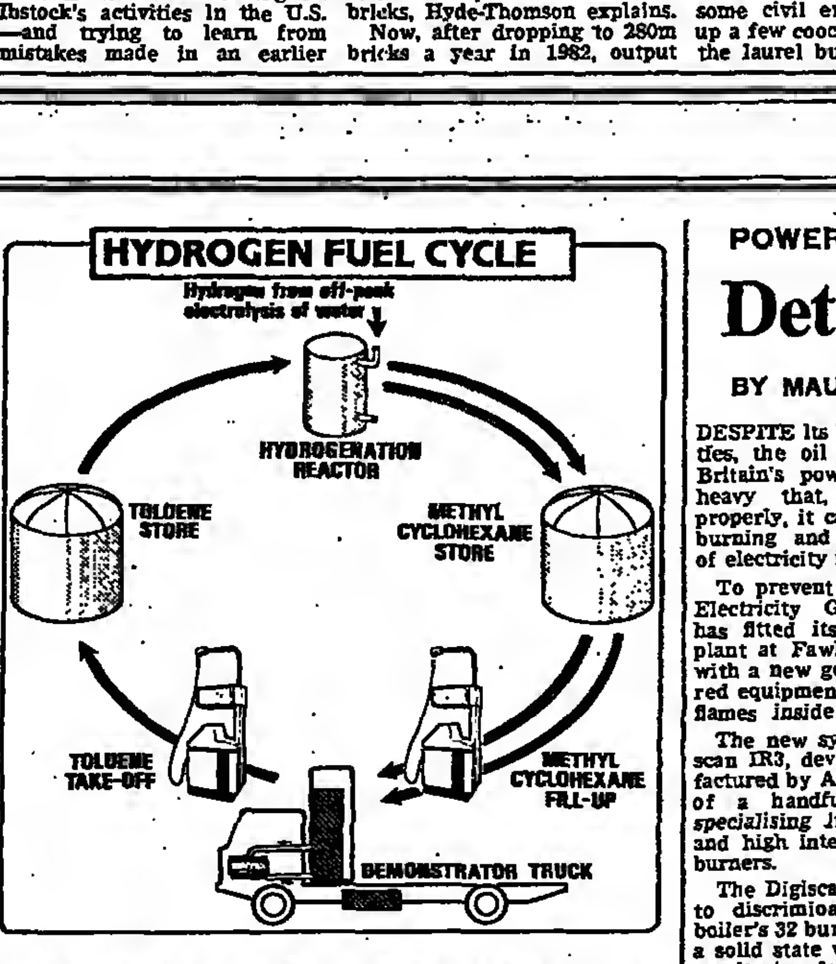
At EIR, Prof Mieczyslaw Taube worked closely with a British chemical engineer, Prof David Rippin, at the Swiss Federal Institute of Technology in Zurich, to design the 50-litre reactor. With the collaboration of the Fiat-owned Diesel Engine Research and Engineering Company In Arbon, they converted a six-cylinder Saurer to hydrogen-burning at ten bar. Hydrogen is made continuously by the on-board reactor at this pressure.

It is made by catalytically cracking methyl cyclohexane, a convenient liquid carrier very similar to petrol, by passing it over a precious metal catalyst at 400 degrees C. The Seurer can store 17 kg of this carrier, which the reactor reduces to 16 kg of toluene. From a cold etart, toluene is injected into the engine, to produce exhaust gas that heats the reector and gets bydrogen flowing.

The reactor produces 9 kg of hydrogen ao hour — enough for an engine for about 100 kW of mechanical energy. In tests made indepeodently by Alusuisse researchers for EHI, a catalyst made by Univereal Matthey Products in Enfield, England, was chosen from fiva tried. Some 70 kg of this dehydrogenation catalyst containing 0.25 per cent by weight of platinum and 0.25 per cent of rhenium are used in the Saurer's reactor. The platinum content alone is worth about $1,600. But the catalyst is one which already sells to refineries and promises to bave a very long life In the vehicle because of the purity of the carrier it ia cracking.

The demooatrator'a reactor is of the aame size, and designed to give much the same performance, says Prof Rippin. His university team designed It in colloboration with the Basel chemical plant company Betrans. Prof Rippon says It is essentially the same system hut made more compact by better layout of the ancillaries, to pack Into a narrow section behind the cab.

If adopted for a vebicle fleet, the infrastructure needed to aervice this mobile reactor Includes o "gas statlon" whicb makes methyl cyclohexane from toluene. This can also be done catalyticaly, aimply by hydrogenatlng toluene. The hydrogen for this purpose would be made by electrolysis using off peak electricity, at night, at weekends or during the summer dip in demand.



The demonstrator truck is a 17-ton lorry which will start operating sometime this epring. The hope is to ehrink the size of the equipment to run on smaller cars.

Thus the gas station would exchange tbe toluene by-product of the vehicle's reactor for fresb methyl cyclohexane. The researchers eatimate that 90 per cent of the energy consumed would come from electricity and only 10 per cent from tbe combustion of fossil fuel (tolnene). They also claim that the methyl cyclohexane-toluene-bydrogen (MTH) cycle makes use of well-proven technology.

But in order to avoid loss of toluene and the associated oir pollution, the researchers are thinking of a small store of hydrogen gas which could be used for start-up. There is also a plan to ouild a reactor for tbe re-hydrogenation of toluene, in order to demonstrate that the fuel cycle can be closed. "But this is well-establisbed technology — there should be no dlfficulty in realising it," Prof. Rippln says.

"A neat, tidy system," Is how Andrew Holt, development manager of Universal Matthey Prodncts sees tbe MTH cycle. Later this year tbe collaborators hope to persuade interested companles to form o consortium of suppliers ond users that will steer it towards commercial operation.

POWER STATION MONITORING

Detectors keep the oil burning

BY MAURICE SAMUELSON

DESPITE lts lnflammable qualities, the oil used in some of Britain's power stations is so heavy that, unless handled properly, it can suddenly cease burning and reduce the flow of electricity into the grid.

To prevent this, the Central Electricity Generating Board has fitted its 2,000 MegeWatt plant at Fawley, Southampton, with a new generation of infra-red equipment for scanning the flames *inside its* four boilers.

The new system Is the Digiscan IR3, developed and manufactured by Airoil-Flaregas, one of a handful of companies *specialising ln flame scanners* and high intenslty oil and gas burners.

The Digiscan IR3 is designed to discrimioate between each boiler's 32 burner flames. It has a solid state viewing head, and mooltoring for faults is undertaken through signal processing circuitry.

This compares the flame signal from the viewing head with a predetermined threahold level; an electronic bar graph provides a continuous displey of flame and threshold levels enabling comparative checks at any time.

It also enables the fuel to be burned more thoroughly, thus reducing the power station's emission of sulphur dioxide or nitrogen oxide.

Fawley power station, which has been on full load since eerly ln the miners' strike, is the first CEGB station to be fitted with this equipment, although an eerlier version wes used in the North Tees power station.

Airoil-Flaregas also have test units at Littlebrook, on the Thames, aod at Inverkip, ln Scotland, and elso hopes to supply it to the Pemoroke power atation, South Wales.

Since 1969, when Fawley's first unit was commissioned, it relied on an ultra violet based system to see if the burner heads were fully olight.

However, the system required a lot of maintenance and was not always reliable. This became particularly noticeable when, because of the high cost of oil, it was used only for peak loading, and was being switched on and off each morning and evening.

Roger Guy, Fewley'a assistant production engineer in charge of instruments, says that the UV equipment did not always show the operator when oil burners had gone out. Apart from reducing electricity output, an unchecked flood of oil lnto a partly firing boiler could, in circumstances, have caused an explosion.

A further reason for installing the new scanner was that Fewley had been told thet the oil lt receives by pipeline from tbe nearby Esso refinery was likely to become heavier in future. The oil wonld become barder to burn and more liable to go once it was alight.

The new equipment, Guy *adds, gives Fawley* more *flexi*billty. Although each boiler has 32 oil burner heads, packed close together ln rows of eight, the higher quality flames mean that lt can now produce its declared electrical output on only 26 or 27 burners.

Although this has helped to boost the slation'a performance throughont the coal atrike, the Airoil-Flaregas equipment hed already been ordered before the strike began. It cost £82,000, compared with the £1.8m o day which the plant has recently been apending on fuel.

Based et West Drayton, Middlesex, Airoil-Flaregas has subsidiaries in the U.S., West Germany, Spain, France and Italy. It became part of the Glossop group ln 1982 and in 1983 lt acqulred CEA Combustion. More on 0895 444031.

SPEEDING UP FAULT DETECTION

Marconi tests mobile radios

MARCONI INSTRUMENTS of *St. Albans has launched a soft*ware-driven moblle radio testing unit at o price of £5,500.

The system reduces tho time to test the transmitter and receiver of a vehicle or hand-portable radiotelephone by over 60 per cent compared with the previous generation of testers. In practice thla means that, witb a throughput of 200 radios o year, payback will occur occur in about 10 months according to the company.

There are over 0.5m moblle radios in the UK alone and the number will increase more rapidly over the next decode if the new cellular radio aervices find favour. To ensure clear received speecb for tbe users and prevent interference with other *radio systems*, these sets nave to be kept within specification by periodic testing.

The mobile radio testing *market is worth about £100m* world-wide excluding the military segment, and Marconi is aiming ot a 15 per cent share. It bas spent "several milllon pounds" on production facilities eble to make 1,000 nnits a year and is building on o new three-acre alte et Stevenage for occupation in 1986.

Tbe days have gone when a qualified test engineeer was needed to set up radio and audlo frequency generators, voltmeters, RF power meters and otber separate test instruments.

Instead, the testing operator simply presses a button for the tests he requires and within o second or two the results come up on a seven inch screen on the front panel of the instrument.

Known aa the 2955 radio communications test set, the unit combines *11 instrument functions* and is claimed to be 30 per cent smaller and lighter than lts main competitors. It is simple to use and results do not have to be written down —they can be printed out on a small "ticket" printer.

Most tests can be set up ln only three steps: choice of transmit, recelve or duplex mode; *selection of function* (audio or radio frequency for example); and the entry of test data for frequency, level, frequency deviation an dso on. Up to 37 groups of test settings can be retained ln e non-volatile memory.

The 2955's display screen shows all the control and measured dato in terms of both vertical *bar graphs* and *numeri*cal displays of the levels.

GEOFFREY CHARLISH

Electronics

Board testing

A TESTER for bare circuit boards fitted with a probe which makes it possible to locate faults whilc the board is being tested has been announced hy VM Circuit Equipment of Colchester, Essex.

It incorporates a dedicated wire wrapped jig with reuseable pin contacts and receptacles. There are 2048 test points availabte and more than one symmetrical board can be tested at the same time providing that in total, the points to be tested do not exceed this figure.

The unit is trolley mounted, microprocesor controlled and guides the operator through menn displays.

It is self-learning. A model board is ploced on the machine and then it programs itself. It costs £15,000. More on 0206 230969.

Health

Joggers' monitor

A JOGGER'S heart and lung monitor is the first product to be developed using an "intelligent elastic," a conductive polymer developed by Dr John Jackson of Strathclyde University.

Made up into a belt, the polymer expands and contracts with the jogger generating signals which can be recorded by a small compnter.

Dr Jackson has sold the prodnct and his company, Flexigage, to Grand Metropolitan Biotechnology.

Other uses include a lining for piaster casts which tell if broken bones are mending correctly.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
8	9	10	11	12	13	14

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Händel's Messiah will be presented in a scenery vision by Achim Freyer. The cast includes Harald Stamm, Cheryl Studer and Ruthild Engert. Tosca is sung in Italian. Salome brings together Lisbeth Balslev, Ruth Hesse and Ingvar Wixell. Der Troubadour is a Herbert von Karajan production. (34381).

Hamburg, Staatsoper: Ballet: Hommage à George Balanchine (in memory of George Balanchine) Die vier Temperamente, Mozart 338, Tchaikovsky's Pas de Deux choreographed by George Balanchine and John Neumeir; three ballets: Regenlieder, Kinderszenen and Mahler's fourth symphony choreographed by John Neumeier. Soloists are Alessandra Alberti, Lynne Charles, Chantal Lefèvre and Eduardo Bertini (351151).

LONDON

Royal Opera, Covent Garden: A second viewing of this season's new production of Der Rosenkavalier, which opened in December – a lightweight, not fully worked staging by John Schlesinger which receives more than its due in the conducting of Georg Solti. For the first performance the principals are the original ones – Kiri te Kanawa, Agnes Baltsa, Barbara Bonney, Aage Haugland; thereafter, Anne Howells takes over as Octavian. Also, La Traviata, with Ileana Cotrubas as Violetta and Colin Davis conducting. (2401066).

English National Opera, Coliseum: Iain Hamilton's Anna Karenina, which the ENO successfully staged a couple of seasons ago, returns for its first revival; Lois McDonall again takes the title role, alongside newcomers David Hillman and Roger Roloff (the American bass-baritone making his British debut). Jonathan Miller's updating of Rigoletto to the early 1950s in a New York setting, probably the ENO's most celebrated production for many years, is back in the repertory in excellent shape. (8363161).

PARIS

Alexander Dargomyjski's Le Convive de Pierre based on Pushkin's version of the Don Juan myth is an opera essentially vocal and rarely performed. Conducted by Jean-Claude Casadesus in an Otomar Krejca production, Don Juan is sung by Allen Cathcart, Dona Anna by Mariana Nicolesco/Helene Garetti and Laura by Glenys Linos/Eva Saurova. Salle Favart-Opera Comique (2960611).

Tristan and Isolde conducted by Marek Janowski in a new production, co-produced with the Cologne Opera with Tristan sung by René Kollo/William Johns, Isolde by Ute Vinzing/Gwyneth Jones and Brangäne by Nadine Denize/Waltraud Meier at the Paris Opéra (742.57.50).

ITALY

Rome: As part of the celebrations this year, to mark the 300th centenary of his birth, Händel's opera Giulio Cesare, conducted by Gabriele Ferro with Margarita Zimmerman singing the role of Caesar and Kaaren Erikson as Cleopatra (taking over Monserrat Caballe's role). The costumes are by William Orlandi and the scenery by Anne and Patrik Poirier. (46.17.55).

Turin: Teatro Regio: A new production of Manon Lescaut conducted by Michelangelo Veltri, with scenery and costumes by Pasquale Grossi, with the soprano Maria Chiara making her Italian debut in the title role (54.80.00).

NETHERLANDS

Diaghilev programme from The National Ballet, Les Biches (Nijinska), Apollon Musagete (Balanchine) and Petrushka (Fokine). Amsterdam, Stadsschouwburg (242311); Groningen, Stadsschouwburg (182333); Utrecht, Stadsschouwburg (310241).

The Netherlands Opera in Orlando directed by Filippo Sanjust. The Radio Chamber Orchestra under Nicholas Kraemer, with Jard Van Nes in the title role and Ann Dawson as Angelica. Amsterdam, Stadsschouwburg (242311).

VIENNA

Staatsoper: Raymonda by Petipa, Nureyev and Glasunov: conducted by Schirmer; Wozzeck conducted by Hollreiser with Armstrong, Jahn, Berry, Moser; Die Fledermaus, conducted by Kulka with Ghazarian, Hintermeier, Gruberova; Tosca conducted by Arena with Dimitrova, Pavarotti, Wixell. (5324/62657).

NEW YORK

Metropolitan Opera (Opera House). James Levine conducts the premiere season of Nathaniel Merrill's production of Porgy and Bess, designed by Robert O'Hearn; with sopranos Grace Bumbry and Myra Merritt, bass Simon Estes and baritones Charles Williams, Gregg Baker and Bruce Hubbart. James Levine also conducts Lohengrin, with Anna Tomowa-Sintow, Eva Marton and Placido Domingo and the last seasonal appearances of Wozzeck, with soprano Hildegard Behrens and baritone Christian Boesch. The week includes Placido Domingo conducting La Bohème, with Catherine Malfitano; Neeme Jaervi conducting Eugene Onegin, with Kay Griffel and Leo Nucci. Lincoln Center (3626000).

TOKYO

Japanese Classical Dance: Some of the leading dancers including Han Takehara, Yachiyo Inoue (honoured by the Japanese Government for his dedication and skill), celebrate the 30th anniversary of the Association of Classical Dance. National Theatre (Wed, Thur). (5338455).

Music

ITALY

Rome: Teatro Ghione (via Della Fornaci 37): A recital by Marilyn Schmiege (mezzosoprano) accompanied by Donald Sulzen with music by Mendelssohn, Schumann, Wolf and Strauss (Mon). (6372294).

Rome: Auditorium of via Della Conciliazione: Giuseppe Sinopoli conducts a concert by the pianist Martha Argerich and the oboist Augusto Loppi. Mozart, Beethoven and Schubert. (Mon and Tue). (65.41.044).

Rome: Teatro Olimpico: (Piazza Gentile da Fabriano): 'Tafelmusik' – The Salonisti di Berne – with a programme of music from the 16th to the 19th centuries: songs, Italian, French and German baroque sonatas and 17th century chamber music (Wed). (39.33.04).

NETHERLANDS

Amsterdam, Concertgebouw: Concertgebouw Orchestra under Kurt Sanderling. Haydn, Bruckner (Wed, repeated Thur). Recital Hall: The Glinka Quartet. Webern, Schumann, Beethoven (Mon); Thomas Hemsley, baritone, accompanied by Rudolf Jansen. Schubert's Winterreise (Tue); Ernest Rombout, oboe; Alwin Bär, piano; with the Boccherini Trio. Andriessen, Lutoslavsky, Britten, Schumann, Mozart, Milhaud (Thur). (718345).

Utrecht, Muziekcentrum Vredenburg. Alicia de Larrocha, piano. Grieg, Espla, Schubert (Tue); Paco Pena's Flamenco Company (Wed); Frans Brüggen conducting the Orchestra of the Royal Conservatory. Rameau, Haydn, Mozart (Thur). Recital Hall: Mark Lubotsky, violin; Danièle Dechenne, piano. Schnittke, Shostakovich, Prokofiev (Tue); Lutenist Christopher Wilson plays works by John Dowland (Wed). (314544).

Rotterdam, De Doelen. Rotterdam Philharmonic conducted by James Conlon, with Ken Noda, Piano. Weber, Mozart, Dvorak (Tue, repeated Thur). Recital Hall: Anner Bijlsma, cello. Bach (Mon); Mitsuko Uchida, piano. Mozart (Wed). (142911).

The Hague, Diligentia. Members of the Hague Philharmonic play Chamber Music by Farina, Bach, Stravinsky, Wolf-Ferrari, Mouravief, Malipiero (Wed). (464308).

The Hague, Congresgebouw. Arditti Quartet. Xenakis, Ligeti, Schönberg (Thur). (518000).

VIENNA

Piano evening. Anthony de Bedts. Beethoven, Liszt and Bartok. Bosendorfer Saal (Mon).

Christian Altenburger, violin, and Helmut Deutsch, piano. Beethoven, Ives, Weber and Richard Strauss. Musikverein (Tue) (658190).

Vienna Symphony Orchestra conducted by Yevgenij Swetlanow. Brahms, and Tchaikovsky. Musikverein (Wed and Thur).

LONDON

Bach Choir and English Chamber Orchestra conducted by Sir David Willcocks, with Patrizia Kwella, soprano. Händel Judas Maccabeus. Royal Festival Hall (Mon). (9283191).

Borodin String Quartet: Borodin, Stravinsky and Beethoven. Queen Elizabeth Hall (Mon). (9283191).

Kathleen Livingstone, soprano with Neil Mackie, tenor, and John Blakely, piano. Purcell Room (Mon). (9283191).

London Philharmonic Orchestra conducted by Klaus Tennstedt. Mozart and Mahler. Royal Festival Hall (Tue).

Dmitri Alexeev, piano. Brahms, Schubert and Schumann. Queen Elizabeth Hall (Tue).

London Mozart Players conducted by Jane Glover, with Peter Katin and Martin Humphries, pianos; Mayumi Fujikawa and Nobuko Imai, violins. Mozart. Royal Festival Hall (Wed).

PARIS

Ensemble Intercontemporain conducted by Kent Nagano with the Groupe Vocal de France: Schönberg, Knussen, Janacek, Bartok (Mon). Théâtre du Rond Point (2567080).

Ensemble Orchestral de Paris conducted by Claude Bardon, Durey, Auric, Milhaud, Honegger (Mon). Salle Gaveau (5632030).

Christa Ludwig recital, Erik Werba, piano (Mon). Théâtre de l'Athenée (7426727).

Daniel Barenboim, piano recital: Beethoven sonatas (Tue). Salle Pleyel (5610630).

Marie-Catherine Girod, piano: D'Indy, Falla, Albeniz (Tue). Salle Gaveau (5632030).

Orchestre de Paris conducted by Claude Bardon, Ivo Pogorelich, piano: Berlioz, Dufoury, Tchaikovsky (Wed, Thur). Salle Pleyel (5610630).

Duo anf et Raffi Petrossian, pianos: Tailleferre, Fenelon, Arensky (6.30 pm Thur). Radio France, Auditorium 106 (5241516).

TOKYO

Lynn Harrell, (cello), piano: Brooks Smith. Ginastera, Beethoven, Schubert, Falla. Tokyo Bunka Kaikan Small Hall. (Mon). (5711689).

Takeda Quartet: Rossini, Kondo, Vivaldi, Arrieu, Uhl. Ishibashi Memorial Hall (Tues) (5870218).

NHK Symphony Orchestra, conducted by Otmar Suitner. Mozart, Mahler. (Wed, Thurs). NHK Hall. (4651780).

NEW YORK

New York Philharmonic (Avery Fisher): Kurt Masur conducting, Claudio Arrau, piano. Bartok, Beethoven, Schumann (Wed, Thur). Lincoln Center (8742424).

WASHINGTON

National Symphony (Concert Hall): Erich Leinsdorf conducting Bach, Bruckner (Tue); Erich Leinsdorf conducting, Irene Gubrud soprano, Katherine Ciesinski, mezzosoprano; John Aler, tenor; Gerald Grahame, tenor. Choral Society of Washington, directed by Norman Scribner. Ruggles, Berg, Schubert (Thur). Kennedy Center (2543776).

CHICAGO

Chicago Symphony (Orchestra Hall): Claudio Abbado conducting, Carter Brey, cello. Mozart, Schumann, Tchaikovsky (Thur). (4359122).

Theatre

TOKYO

La Cage aux Folles. The Japanese version of the spectacular New York hit portraying Broadway in the 1930s. Choreography: Linda Haberman, set; David Mitchell, Yasuo Kobayashi; costumes: Theoni Aldredge, Seiji Mano. Directed by Yoji Aoi, starring Masumi Okada, Mamasomi Kondo. Imperial Theatre. (2124611).

LONDON

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (6288795).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex-going on in this hotel, and I'm not having any of it." Not to be missed. (3795399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam in a stellar cast. (6288795).

The Hired Man (Astoria): Worthwhile new musical of Cumbrian agricultural and war-time life, based on a novel by Melvyn Bragg. Persuasive anthems, marches and chorales composed by Howard Goodall, with a high standard of singing and musical direction. Lyrics and book less secure. (7344287).

NEW YORK

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Mineta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

WASHINGTON

Royal Shakespeare Company (Opera House): With Broadway enthralled with the repertory productions of Much Ado About Nothing and Cyrano de Bergerac, stars Sinead Cusack and Derek Jacobi are bound to have a successful Washington run as scheduled until Feb 17. Kennedy Center (2543770).

Man & Superman (Arena): Douglas C. Wager directs Shaw's intellectual tour of London, Spain and Hell itself, with the inclusion of the Don Juan in Hell scene, in a production starring the nimble Francois de la Giroday as John Tanner. Ends Feb 17 (488 3300).

CHICAGO

Adventures of Huckleberry Finn (Goodman): Stuart Gordon directs the Organic Theatre Company's revival of its 1975 local hit to commemorate the 150th anniversary of Mark Twain's birth. Ends Mar 3. (443 3800).

Exhibitions

NETHERLANDS

Utrecht, Central Museum. Rare silver of the Golden Age. The Van Vianen family of Utrecht provided the country's leading silversmiths for much of the 17th century. The 60 objects from London, Vienna, Leningrad, Berlin, Paris and Amsterdam inevitably focus on the work of Adam and Paulus Van Vianen, whose introduction of the auricular style and emphasis on the sculptural qualities of silver brought about a break with the past. Ornate, yet graceful cups and ewers contrast with superbly chased tazzas and plaques depicting mythological and biblical scenes in low relief. The dazzling display is complemented by 17th-century paintings and drawings in which the Van Vianens' creations featured as sumptuous accessories. Ends Feb 10 (closed Mon).

S. Jessurun de Mesquita: Prints, drawings and decorative designs trace the career of this exponent of Art Nouveau who managed to combine simplicity and crispness of line in his woodcuts of people and animals with the bizarre extravagance of the "sensitivistic" drawings – fevered caricatures with a surrealist tinge. Amsterdam, Jewish Historical Museum. Ends March 19 (closed Mon). A smaller exhibition of the sensitivistic drawings runs concurrently in Rotterdam, Boymans-van Beuningen Museum.

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition is completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (2603926). Closed Tue, Ends April 15.

WEST GERMANY

Berlin, Akademie der Künste, 10 Hanseatenweg: 130 paintings and 70 drawings from between 1945 and 1984 by Rupprecht Geiger, the German painter. Ends March 17.

Hamburg, Museum für Kunst und Gewerbe 1 Steintorplatz: Plastics only has 400 objects of plastic from saltshakers to wireless sets from 1860 to 1960. Ends April 5.

Frankfurt, Frankfurter Kunstverein, 44 Markt: Italian art between 1910 and 1980 offers about 80 paintings and sculptures by roughly 50 artists, among them Chirico Bocioni, Carra Morandi, Modigliani and Manzu. Ends April 8.

Munich, Villa Stuck, 60 Prinzregentenstr. 60: This is the first retrospective in West Germany of Guilio Turcato, the Italian artist. It has roughly 50 paintings and objects and about the same number of works on paper. Ends March 10.

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Milan: Castello sforzesco: L'Atelier dell'Illusione – 120 opera costumes chosen from the 80,000 in La Scala's storerooms. A visual opera history of the last 60 years. All the costumes are original except the first on show: a replica of the black, satin dress with bustle in which Maria Callas sang in La Traviata at La Scala in 1955. Closes end of Feb.

LONDON

The Royal Academy: Marc Chagall – a full retrospective (organised by the academy in association with the Philadelphia Museum of Art, to which it travels later in the year) of the work of one of the most popular masters of modernism, still at work in his 98th year and last survivor of the artists' Paris of its great period before the first world war.

Chagall, for all his popularity, has remained a maverick artist, idiosyncratic and independent, and hard to categorise. We now see, however, that he has always been a good artist, and at times, most notably in that first time in Paris after 1910, a great one. The work of his extreme old age, moreover, does him more than credit, representing no falling off in its technical command or imaginative authority, but simply a restatement of the poetic images and ideas that have always haunted him and he has made his own – the soaring and floating lovers, the clowns and musicians, the flowers and trees, and that strange, colourful domestic bestiary of cocks and hens, goats, cows and asses.

WASHINGTON

National Museum of American Art: 49 works by five 19th century black artists highligh a show of a little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter, Henry Ossawa Tanner, a student of Thomas Eakins and neo-classical sculptress Edmonia Lewis. Ends April 7.

CHICAGO

Art Institute: 82 great architectural drawings cover the last five centuries in this show lent by the Royal Institute of British Architects. Ends Mar 31.

TOKYO

Great Kabuki Actors in Ukiyo-E: This exhibition marks the Kabuki convention of awarding exceptional actors with names of of honour. Only 12 actors in the last 300 years have merited the title Danjuro. To celebrate the forthcoming accession of Ichikawa to the title Danjuro XII, these paintings of previous incumbents show not only the significance of the title but the close ties between Kabuki and art even today. Riccar Art Museum, Ginza, Ends Feb 24.

MODERN ART IN AMSTERDAM

With a final flourish, Edy de Wilde has stepped down as director of Amsterdam's Stedelijk Museum after 21 years. The occasion is marked by two large exhibitions of modern art.

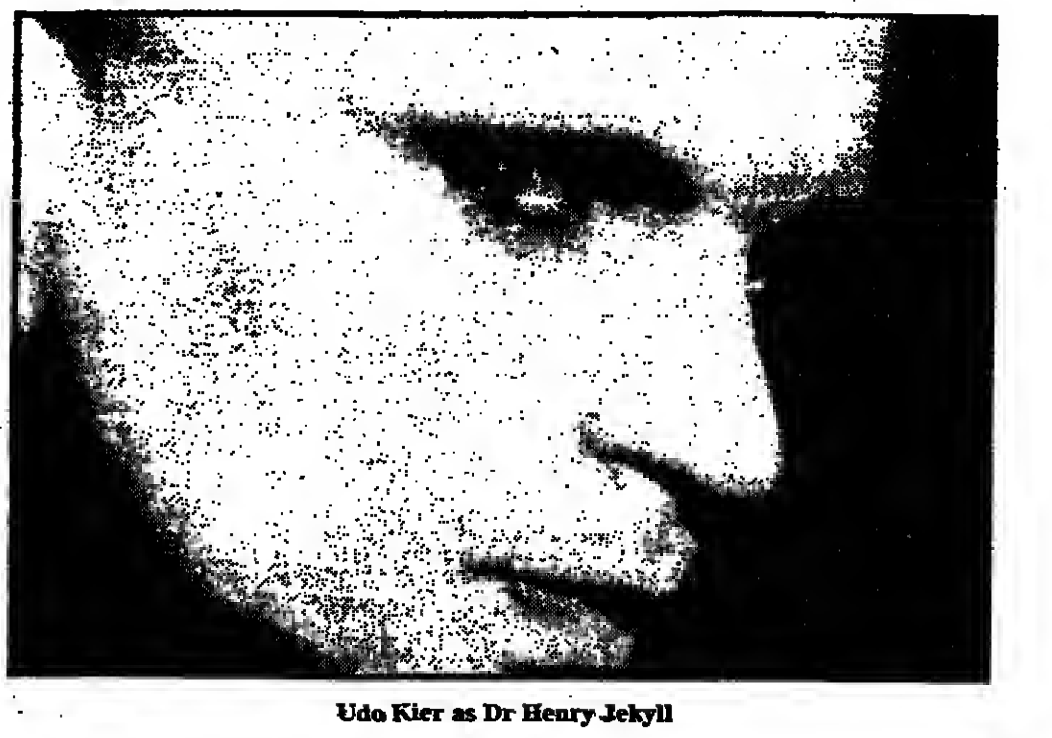
In the Stedelijk a retrospective of 250 loaned highlights in painting since 1940 confronts late works by the "classic" masters – Picasso, Matisse, Braque, Léger, Bonnard, Miro, Mondrian and Beckmann – with paintings by artists of subsequent generations: De Kooning, Bacon, Dubuffet, Pollock, Giacometti, Rothko and many others. Each of the 40 artists has been given his own gallery, and the show has been designed to bring out the visual contrasts between one room and the next. No intellectual theorising, as De Wilde himself emphasises, but a straightforward appeal to the eye.

Meanwhile, in the van Gogh Museum next door, two floors have been given over to a parallel exhibition of a selection from the permanent holdings of the Stedelijk Museum. Devoted to the "Dutch identity" in art since 1945, it ranges through Cobra, the Informal Group, Zeo, Fluxus, conceptual art and the New Realists, and culminates with the exuberant expressionism of the 1980s. Van Gogh has moved upstairs for the duration. Both end April 15.

Michael Hoyle

Cinema/Nigel Andrews

Raging Ids at bay



Udo Kier as Dr Henry Jekyll

Borowczyk's Dr Jekyll
Secret Honour directed by Robert Altman
Body Rock directed by Marcelo Epstein

The range of human emotion, like the planet Earth, is round not flat. Borowczyk's *Dr Jekyll* is a magnificent demonstration that on the dark side of the human heart horror and hilarity meet head-on. (Why else, after all, should heart be an anagram of Earth?) Borowczyk, the Polish-born director of *Blanche*, *Immoral Tales* and *The Beast*, has taken Robert Louis Stevenson's stately spine-chiller about dual personality and turned it into a spinning-top movie where multiple and irreconcilable emotions blur into a thrilling high-speed sheen of wit and sensation.

Four years ago in Cannes the film was called *Blood of Dr Jekyll*, and goodness knows there's plenty of that about. We are in Dr Jekyll's fog-girt London house, where an engagement party celebrating the doctor's betrothal to Fanny Osbourne (the film cheerfully pinches the name of Stevenson's own wife) turns into a blood-spattered sabbath of sex, violence and murder. One by one the guests are done in by a hideous shadowy maniac who flits about bearing a suspicious resemblance to Jekyll himself. The rape victims bave the marks of ontsize impalement, as if ravished by a Grand National winner, and the murder victims are dispatched with such picturesque means as bow and arrow or poisoned spears.

If the film sounds like the larid delirium of a crazed surrealist—well, to some extent it is. But there is so many of Webster's plays, Goya's paintings and Brunel's movies. What hoists them and this into distinction is their wit and organising poetry. Borowczyk's film opens with a shot of the Houses of Parliament in ghostly negative, and that image of inverted Victorianism—like a Jekyll-Hyde to the outward Jekyll of the 19th century British prosperity—throws its miasma forward into the main story. Jekyll's shadow-latticed London mansion is ornate and panelled, like a private Westminster, and the rooms are diffused with strange vapours as if the London fog has stolen in from the night.

This dormant hinterland of horror is soon awake with a gaggle of victim-guests. Pillars of society all—a general (Patrick Magee), a doctor (Howard Vernon), a reverend (Clement Harari) they react with insane formality and/or *politesse* as terror spirals. "Terrible, terribly sorry," mutters Magee after shooting a coachman in mistake for the murderer. "Would you like a stimulant?" asks Dr Vernon of the yet unsuspected Jekyll as the latter staggers blearily back into circulation after another dose of forbidden pleasure as Hyde. ("No, I've had enough stimulants," he replies.) And it's the doctor again who requests, "I'll thank you to stop that," when he comes upon Hyde/Jekyll assaulting his mother and attempting to break her leg with his bare hands.

It's no surprise that Borowczyk made this film close on the heels of his version of *Lulu* (1981). Its fractured and feral absurdism belongs to the same world as Wedekind's, and so does the film's insistence that brute lust and anarchic appetites dwell thinly camouflaged beneath every dinner jacket and evening gown.

The film's images are its glory. The games of Hyde-and-seek that Borowczyk plays with his murderer amid the shadows; a wind-slapped scarlet curtain that licks a fallen body like a giant tongue; the Gothic Revival weaponry blazing into mad life amid the Gothic Revival architecture; and the red and boiling bathwater in which Jekyll plunges himself before emerging new-baptised as Hyde. Potent and poetic, mischievous and macabre, Borowczyk's film shows just how many imaginative worlds the horror movie can open up when the right artist holds the keys.

★

In Robert Altman's *Secret Honour* we have another raging Id at bay amid the oak-panelling: Richard M. Nixon, no less, stalking his midnight office in a film version of the one-man, one-room play by Donald Freed and Arnold M. Stone. Subtitled "A Political Myth," the movie is like a Becket drama on benedrines. Its lone and blasted antihero, brilliantly played by Philip Baker Hall, rampages the confines of his setting, pouring his memoirs into a tape-recorder, vilifying the portraits on the wall—Eisenhower, Kennedy, Kissinger — and belting down quantities of Chivas Regal. This the film suggests, is the private Hyde behind the public Jekyll of Presidential office: the tragic monster railing against his fate, his family (including the Quaker mother who glowers at him from a desk photo) and the nation which rejected him. And between-whiles he toys with the revolver which might give him final absolution...

Badmouthing a baddie when he's down doesn't seem to me the most edifying of activities (unless, of course, the writers and directors think there's a nasty chance that Nixon might get up again). And this film has the same unaerated whiff of theatre that Altman's last two movies boasted, *Come Back To The Five And Dime, Jimmy Dean, Jimmy Dean* and *Streamers*.

But as the mayhem and monodrama pound on, Altman's unblinking lens pays dividends. The film is so claustrophobic it's like sharing not just a *room* with the political world's most famous fallen Lucifer but a *mind*. The racketing, spluttering monologues—Philip Baker Hall looks like an apoplectic Jose Ferrer and sounds like a cross between Nixon and Sylvester the Cat—are like fuses blowing over a man's subconscious. It's a firework display of the soul, grimly multiplied in the ghostly mirrors of a set of video monitors along the wall.

If I were Nixon, mind you, I'd take legal advice over some of the text's wilder fancies: which suggest *inter alia* that be deliberately prolonged the Vietnam war to safeguard American business interests in the East. But since it's only 10 years since the Free World took legal advice on Nixon himself, that might be a case of the pot impugning the kettle. *Secret Honour* is a reminder that theatre and cinema no longer need to trawl legend and remote history for the material of myth. The myths are magnificently amid us, alive and well and stalking—or at least haunting—the corridors of power.

★

It was Alan Bennett as the preacher in *Beyond The Fringe* who, speaking of sardine tins, reminded us with ringing symbolism that however hard we scrape and delve, "there is always a little bit left in the corner." So it is with movie genres. However thoroughly you might think we had emptied breakdance musicals out of the tin last year, there is still a little bit in the corner. It is called *Body Rock*; and it definitely tastes like last year's sardines. Lorenzo Lamas and Vicki Frederick are the boy-meets-girl duo in this tale of young breakdancers seeking the big time in New York. But will the big time, in the shape of hot-shot manager Ray Sharkey, seek them?

When not bursting into cheerful frenzy with scissoring legs and spinning-top bottoms, the film spends 94 minutes dying on its feet. The script is paralytic, the acting runs it a close second, and you're not sure which plot you want to run further from, the True Romance between hero and heroine or the Gee-Kids-Let's-Put-The-Show-On-Right-Here shenanigans that lead to the disco finale. Desmond Nakano wrote the script; Marcelo Epstein, though not too noticeably, directed.

New Japan Philharmonic/Barbican Hall

Paul Driver

A concert by the New Japan Philharmonic, conducted by Seiji Ozawa, opened a small festival of Japanese promotions on Wednesday; it will embrace three more events between now and mid-April. It has been given us by the Mitsui Group, in a generous gesture which represents, it is claimed, the first major sponsorship of music in Britain by a Japanese company.

It was a shame the musical stimulation provided did not live up to the occasion's immense prestige. The first half was interesting, nevertheless. The orchestra announced itself with a vigorous, well-drilled account of Beethoven's overture *Leonora No 3*; and revealed its admirable capacities for crisp ensemble, rhythmic precision and general gusto. The sound was good and plain; the approach unaffected.

Leaving us thus unsure quite what to make of their profounder abilities with the standard repertoire, they proceeded to a strange East-West concoction of a piece known as *November Steps*, composed by Toru Takemitsu in 1967. A few engagingly elliptical orchestral paragraphs in the Western avant-garde style here embraced and alternated with lengthier expositions by performers (Katsuya Yokoyama and Kinshi Tsuruta) on traditional Japanese instruments.

No attempt is made by the composer to synthesise the two musics; and the result was accordingly an experience to consider interestedly from afar. The two excellent Japanese musicians gave us some delicious samples of their traditional idiom at the request of the conductor afterwards.

Chaikovsky's *Pathétique* Symphony received after the interval what must be the least pathos-laden interpretation conceivable. Everything was blustery happiness.

Chamber Orchestra of Europe/U.S. tour

Frank Lipsius

Four years after its founding and three years after its first concert, the Chamber Orchestra of Europe is making its first American tour. Covering 13 cities in a fortnight that ends on February 20, the group will perform four different programmes in venues ranging from Founders Memorial Amphitorium in Greenville, South Carolina, and Miller Auditorium in Kalamazoo, Michigan, to Carnegie Hall in New York and Royce Hall in Los Angeles.

Soprano Hildegard Behrens will be the soloist with the orchestra in New York on February 10 and the next day in Boston, where the programme under conductor Claudio Abbado includes Mahler songs along with works by Mozart, Beethoven, Ligeti and Brahms. The same programme will be performed in Washington today, West Point tomorrow and in Chicago on Sunday, February 17, with Elizabeth Connell as soloist.

In making its tour, the Chamber Orchestra of Europe brings to America an idea of corporate sponsorship far more familiar to its host country than its European home. Founded by veterans of the European Community Youth Orchestra, the group sought a way to keep together after reaching the youth orchestra's "retirement" age of 23. They persuaded a young English businessman, Peter Readman, to foist them on the business community, which responded to their initial money raising concert in 1982 with £20,000 ($22,200) seed money.

Still at an average age of only 25, the orchestra works together for half the year, while pursuing solo careers the rest of the time, though their ultimate ambition is to work together 10 months a year. American venues like Kalamazoo, Michigan, were unabashedly chosen by the American tour sponsor, the BOC Group, whose American chairman, Dick Giordano (renowned for earning the highest salary in British) considers the tour a boon to the company as well as the orchestra.

Soloist in the other programmes – with a repertoire ranging from Rossini and Prokofiev to Schönberg – is pianist Cecil Licad, who will be working with conductors Alexander Schneider and James Judd. Schneider, a member of the Budapest Quartet for 23 years, brings to the orchestra his experience as teacher and guest conductor, a role he performs regularly with the Los Angeles Philharmonic, the San Francisco Symphony, the New York Philharmonic and St Paul Chamber Orchestra.

James Judd is a founding member of the Chamber Orchestra of Europe, having persuaded Peter Readman to take up the cause in Salzburg in the summer of 1980 when Judd was Claudio Abbado's assistant. Abbado is now the group's artistic adviser and music director of the European Community Youth Orchestra.

Although the group got its start with a strong bias toward the British, who comprise a third of the orchestra and most of the wind sections, along with the Dutch as violinists and German brass and cello sections, the composition of the 20-member team is changing. Hungarian Pál Banda is a cellist trained at the Liszt Academy in his native Budapest, while second violin Stefano Mollo, one of the more recent additions to the group, is an Italian now living in Amsterdam.

At a press conference held in Carnegie Hall in New York to announce the American tour, the sponsors and orchestra representatives seemed as proud of their enterprising approach to musical sponsorship as of their music.

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Friday February 8 1985

Bad line on phone tapping

FOR A government committed to enhancing the freedom of the individual in a liberal democracy, the proposals for legislation on phone tapping published yesterday are deeply inadequate.

There is no doubt that if it had not been pushed into action by the separate but related activities of the *House of Lords*, the European Court of Human Rights and Lord Diplock's report into the interception of communications the Government would today be doing nothing at all.

Under pressure, it is doing the minimum possible by proposing to tidy and not necessarily improve the rules concerning authorised interceptions of mail and telephone calls. The white paper's title, The Interception of Communications in the UK, gives the Government's timidity away: it has deliberately left itself decades behind the times by omitting to consider the wider problem of the extent to which technology enables anybody, authorised or otherwise, to undertake the most widespread, pervasive and intrusive surveillance for whatever reason—criminal, personal, commercial, state.

The fact that it is very difficult to know what to do about today's extraordinarily sophisticated eavesdropping developments, enabling embassies, banks, police and terrorists to spy on each other, is no reason to pretend the problem does not exist or need thought. The white paper should have been entitled Surveillance in the UK. As it is not we remain with virtually no criminal or civil remedies against most forms of covert surveillance.

However, even taken within the limited terms of reference *it sets itself the Government's* paper has little to commend it. It makes the traditional pleas in defence of absolute secrecy and at every sensitive point of balance between the rights of the individual and the interests of the state, it fails the individual.

Authorisation for the interception of phone calls or mail will, as now, be given only by the relevant secretary of state, Home Secretary, Foreign Secretary, Northern Ireland Secretary or Scottish Secretary. Subject to this, the scope for interception of international calls and mail appears to be limitless. Warrants will be valid for six months which offers an excessively long period of potential covert intrusion into privacy for most imaginable cases other than suspected terrorist activity.

The material gained by interception can be used for investigative purposes but will not be admissible in criminal proceedings. However, there is no provision giving individuals the right to be told afterwards that they have been intercepted, even if suspicion of crime or complicity proves groundless.

The paper also argues lamely for not publishing statistics about the extent of interception but effectively demolishes its own case by showing the total number of taps and mail interceptions in each year since 1980 (except for Northern Ireland which is understandably excluded). The figures are low enough—between 500 and 600 in total each year—to suggest that their publication might allay public anxiety, although the statistics become meaningless in the wider context of surveillance discussed earlier.

Surveillance

The paper proposes—as its alternative means of redress to an action at the European Court of Human Rights—a tribunal of five *legally qualified people* to whom the citizen can apply if he believes his communications have been improperly intercepted. Its decisions would be final and it could require the relevant secretary of state to pay such compensation as it thought fit.

This is clearly an important move to make *ministerial* decisions to invade individual privacy subject to independent review. The one drawback is that the present proposals will make it virtually impossible for a citizen ever to know that he has been intercepted in the first place.

This is probably too important an issue to be left out of the democratically accountable domain. A better solution might be for the supervision, scrutiny and control of surveillance activities to be the responsibility of members of parliament. The Falklands war inquiry showed that a *select* committee of privy councillors can sit in private select committe to consider the most sensitive of issues without endangering the national interest.

Meanwhile, the best advice seems to be to say and write as little as possible, which is more or less the approach the Government has adopted in this white paper.

Gatt—a gamble to be faced

There is a persistent sense of alarm that the world is heading for a quagmire of protectionism and debt in the 1990s unless the open trading system is pushed decisively out of its deepening rut.

Jacques de Larosiere, managing director of the International Monetary Fund, was only voicing a feeling in many Western capitals when he said in Stockholm on Wednesday that failure now to resist protectionism would threaten the debtor nations' recovery and the global economic system itself.

Developing countries to repay their debts need to increase their exports by 5.5 per cent a year in real terms, he said. Trade barriers in the industrialised countries would have to be lowered or abolished, and *the U.S. should* act *swiftly* and credibly to reduce its budget deficit and lighten the interest rate burden on debtor nations.

The notion that long-term economic disparities might be corrected by reform of the international financial system and credit institutions has not cut much ice outside the Third World. That leaves only one way forward: to negotiate in the General Agreement on Tariffs and Trade for a return to a less discriminatory trading regime in which the developing South and industrialised North can properly complement one another.

It is therefore welcome news that M Willy De Clercq, the EEC's commissioner for external relations, has put the proposal of a new Gatt round at the top of his agenda for his meeting with trade policy officials of the U.S., Japan and Canada in Kyoto this weekend.

M De Clercq will be *stressing* the importance of a pre-negotiation consensus which offers the prospect of a balance of mutual concessions between the industrial and developing countries. Disagreement at the start, leading to failure after possibly years of discussion, could shatter the Gatt's increasingly tenuous authority.

British ministers are actively supporting the U.S.-Japanese initiative. But their worry is that America's excessive concentration on demands most clearly in the U.S. interest, such as new Gatt rules for trade in services, high technology and the policing of counterfeit manufacturers, could prejudice the necessary consensus. They are in favour of the gamble because they are increasingly optimistic that the leaders of the Third World lobby in the Gatt, Brazil and India, can be persuaded to see that a mutually beneficial trade-off is there for the taking.

In broad outline, that trade-off might consist of better and permanent access to rich nations' markets—not least to Japan—for developing country products such as textiles and food. In return, the West would seek an improvement in the discriminatory treatment of the invisible exports on which it increasingly depends.

Another multilateral trade negotiation is desirable not only for the reasons M de Larosiere and others have given. It is becoming urgent because of the U.S. Administration's increasingly tough internal battle with ailing industries and their Congressional spokesmen.

Contrary to expectation, President Reagan showed himself creditably reluctant to give way to the industry lobbies during his re-election campaign. But it is now that the protectionist pressure is really building up. The U.S. logged a record merchandise trade deficit last year of $123.3bn, a bonanza for her trading partners that is likely to be surpassed this year because of the persistent strength of the dollar.

The Administration needs a convincing demonstration that Gatt can deliver the mutual benefits of a freer trading order, if it is to hold the line for its *professed free-trade principles* against those suffering from import penetration.

The next negotiation, it is well recognised, must be the most ambitious ever conducted if it is to solve problems left over from last time as well as address new ones created by rapid technological change. Both the potential advantages and the dangers of inaction point to the need for the 90 Gatt nations to reach agreement this year on the *broadest* possible agenda for Gatt negotiations starting in 1986.

EEC WINE LAKE

Graham Lever

Why vines may have to be destroyed across Europe

By Nicholas Colchester in London, James Buxton in Rome and Ivo Dawnay in Brussels

EUROPE'S wine crop is running over. The annual surplus produced by the Community is now sufficient to fill 1,500 Olympic-sized swimming pools.

Taking the good years with the bad, the EEC now produces 16.5bn litres of wine annually, but drinks only 13.5bn of them. In 1984-85 about 27 per cent of the EEC's total table wine output—wine with an alcoholic content of more than 9 per cent (8.5 per cent for Germany and Luxembourg)—will be distilled into industrial alcohol.

The difference between the subsidised price paid to the vineyards and revenue from sales of the alcohol will probably exceed Ecu 1.2bn (£700m) in its cost to the European taxpayer.

This makes the wine problem, in cash terms, only about one-fifth as large as the Community's dairy over-production. But the cost of the wine regime has risen by a factor of 12 over the *last* decade and, although a tougher approach to wine was agreed by the EEC membership at the Dublin summit in December, it remains far from certain that the new regime will get a rigid grip on production.

Furthermore, since the summit, the fine detail of how further restraint should be applied has become bogged down in committee.

France, anxious to bind its main Italian rivals firmly to the compromise deal, this week came forward with new proposals aimed at bringing stricter financial sanctions to bear if the rules are not rigorously enforced.

But these addenda are opposed by other member states both as legally dubious and as a threat to the negotiating timetable which requires full agreement by the end of the month.

Any substantial delay to a deal could have serious ramifications as Spain is insisting on *seeing the final regulation* before concluding its membership talks with the EEC. A lengthy rewriting of the Dublin agreement could threaten to push the negotiations back to a point where the January 1 1986 accession date could no longer be met.

Meanwhile, friction between the U.S. and the EEC over the question of wine subsidies is mounting. U.S. grape growers are *pushing* for countervailing duties against imported EEC wine and the European Commission now wants a Gatt disputes panel to rule on the argument.

Lesser wines are losing popularity

The basis of Europe's wine problem is an irrepressible rise in production set against a *perplexing fall* in the amount drunk. Despite the fact that the acreage of European vineyards has been reduced by 10 per cent since 1976 to 1.5m hectares today, wine production has risen to an average of 16.5bn litres over the last four years from an average of 15.4bn litres in the decade of the 1970s. The reason is that higher yielding vines are continually being planted, and standards of cultivation and pest control continuously refined.

The falling consumption of wine is easier to prove than to explain. In France, where the mass consumption of wine in the industrial north followed the introduction of railways that could ship it from the south, the spread of *middle-class* prosperity has worked against volume consumption. Whereas the purchase of good wines to sip has risen, that of cheaper wines to swig has fallen disproportionately. The country is still the heaviest wine drinker in the Community, but now downs less than 85 litres per head per year compared with 130 litres after the war.

In Italy, which is the EEC's largest volume producer with about 40 per cent of total output, the decline of the siesta and the spread of clean water supplies have both worked against wine consumption. It was 113 litres per head in 1970 and is down to 81 litres today. Set against such a reversal, the growing British taste for wine has little impact. Fashion, and a fall in the tax of wine relative to that on other drinks, *have helped UK consumption* to rise, but only from about five litres a head per year to eight litres today.

The fact that tendential falling consumption and mounting production are not reconciled at a lower, market-clearing price reflects the existence of an EEC price for wine, which, like other prices under the Common Agricultural Policy, is designed to protect the wine-grower's standard of living rather than expose him to uncomfortable reality. The price regime does include incentives against over-production but, in the pre-Dublin model at least, they did not work.

Under the old system each country was obliged to submit its estimates for the production, consumption and stocks after the harvest each autumn. The Brussels Commission would then assemble a composite view of the state of the market in the coming year. The Commission would in theory ordain compulsory distillation when stocks look set to exceed five months' normal consumption at the end of the marketing year (August). This would force the grape-growers with the highest yields to sell designated quantities of wine to the distillers at a supposedly punitive 60 per cent of the EEC target price.

> If EEC regulations were imposed in Spain, some experts believe that Spanish production could increase by 40 per cent

There were three major flaws in this approach. First, the target price was allowed to climb steadily despite the existence of surpluses. Second, there was an obvious incentive for countries to underestimate their stocks and production because this would avert compulsory distillation.

Italy admitted last month it had failed to declare stocks of some 1.9bn litres, equivalent to over one tenth of the Community's annual production. The Italian Government claims it is impossible to assess the output of 1.6m vineyards and that small producers first try to sell their wine privately and only bring the remainder to the communal wine stores months after harvest. The result of the statistical optimism is that 1984-85 is the first year that compulsory distillation has actually been triggered. All the distillation to date has taken place through EEC-funded voluntary schemes.

Lastly, the distillation price is still high enough for many of the larger wine producers to make a profit.

The agreement hammered out at the Dublin summit tackles all these points. It empowers the Commission to make its own assessment of the market whatever the figures submitted by EEC Governments. Compulsory distilled wine will pay only 50 per cent of the target price, falling to 40 per cent after 1bn litres have been distilled. It demands a freezing of the target price if the annual wine surplus is more than 10 per cent of consumption. It makes it more lucrative for vineyards to pull up vines and more difficult for them to replant.

But the most significant element in the new approach is that quotas for compulsory distillation are fixed by region *with the figures increasing* progressively with yield. This is intended to force very high yielding vineyards — those achieving as much as 15,000 litres of wine per hectare—to send as much as 80 per cent of their produce into compulsory distillation.

The Italians vigorously opposed this system because they felt it would penalise Italian producers of medium quality wines to the advantage of poorer quality producers in France. The approach was only pushed through when Germany switched its support from Italy to France as a result of a deal in which France agreed to oppose any EEC ban on the sugaring of wine—a practice widely used in relatively sunless Germany to boost the alcoholic content of wine up to a level that makes it eligible for Community financial *support*.

It is indicative of the labyrinthine workings of the wine regime that this compromise will be expensive. Although German wine makes up only a small proportion of the EEC's output, the Commission has masterminded an expensive system for producing the added sugar from Italian grapes. This grape sugar regime now costs Ecu 300m per year, or one quarter of the cost of the entire wine problem, and to top that German producers do not like grape-sugar and tend to opt for ordinary sugar.

The new wine regime has certainly involved a considerable transfer of power from national politicians to the Commission. Yet it remains to be seen whether the theoretical toughness of the new approach will be translated into practice. The Ministry of Agriculture in Rome, for example, has so far given no indication of how it will be administered, though the Italian Government insists that it will try to enforce the new policy. The reluctance of several EEC member states to enforce the "Superlevy" on milk suggests that the regional distillation quotas will only bite gradually. Agricultural representatives of the member states, who are meeting in Brussels in the Special Committee on Agriculture to thrash out the new approach to wine, are worried that the machinery to enforce the distillation quotas does not exist.

The expansion of the Community to include Spain and Portugal adds to the farm ministers' problems. Portugal's 800m to 1bn litre annual production is only minimally in surplus and poses few problems. But Spain's yearly output, now averaging more than 3bn litres or 25 per cent of total Community output, is of serious concern.

Furthermore, Spain's production restraints—bans on irrigation and rigorous replanting rules—are notably tougher than those of the Community. If EEC regulations were imposed some experts believe Spanish production could increase by 40 per cent. The plan for national quotas should cope with this, but any loosening of the rules could be harmful. Either way, Spain is certain to add to overall costs.

The enforcement of quotas is not an end in itself. The object of the new wine regime is not to turn wine into alcohol at the taxpayer's expense, but to discourage the grapes from being grown in the first place. The sad fact is that this means a regime tough enough

Enforcement of quotas not an end in itself

to force the uprooting and abandonment of vineyards — even the changing of landscapes that different regions have come to regard as native.

In Italy, farming means wine production. There is scarcely a village that does not have a vineyard. It is difficult to find an Italian who does not either own one or is related to someone who does. "How can we ask a peasant in the hills to abandon his historic culture?" they ask with palms outspread at the Ministry of Agriculture. When seen in these terms it became clear what a long road lies between a technical decision on distillation quotas in Dublin and the tearing up of vine stumps across the length and breadth of Europe.

Men and Matters

A chip off the old block

While the silicon chip is changing *life-styles all around him*, its inventor, U.S. engineer Jack St Clair Kilby, remains remarkably untouched by the revolution he started.

Kilby still works for Texas Instruments, drives an ageing Mercedes with more than 100,000 miles on the clock, and pursues his hobby, photography, with a 20-year-old Hasselblad.

According to a forthcoming biography of this unsung inventor, he still uses a slide-rule — "an elegant tool" — and prefers a watch he can wind. And though he has solved a lot of other people's problems, at *6ft 6in, he has not yet worked* out how to avoid constantly bumping his head.

Kilby's role in the conception of the first chip in the late 1950s has been overshadowed by that of the "loquacious and impulsive" Bob Noyce, who was then with Fairchild.

Kilby first demonstrated a chip to Texas executives on September 12, 1958, showing them that all the key parts of an electronic circuit could be made in a single sliver of silicon. It was an engineer's answer to "the tyranny of numbers"—the simple fact that the sheer complexity of electronics was far outstripping the reliability of individual parts.

This meant that it was a statistical certainty that the new *computers would keep breaking* down.

Washington Post journalist, T. R. Reid, in his book The Chip, extracts of which appear in this month's Science 85 magazine, says Kilby knew that nobody would pick silicon for any one of the electronic parts. It just was not good enough. His genius was to see that it was just good enough to do all the different things he wanted to do.

Noyce, also wrestling with the tyranny of numbers, came up with the same idea at Fairchild later that winter. By the spring of 1959, the race was on *for the first commercial chip*.

History is dividing the honours, Reid says. T. Kilby goes credit for integrating all the components in a single chip. To Noyce goes credit for showing how they could be wired up.

Spurs' goals

"I've been a Tottenham fan since I was seven, and my family's been going to watch Spurs since the 1920s. I go just as berserk as any other fan, and my language is probably just as colourful."

Paul Bobroff, 33-year-old chairman of Tottenham Hotspur plc, was, however, behaving in properly sober fashion when he presented the company's interim results this week to a group of City journalists.

Bobroff and Irving Scholar, a property executive, bought Spurs in 1982 and rescued the club's finances with a capital injection and a Stock Exchange listing—the first by any football club. Out of 10,400 shareholders, 10,300 are individuals—a number not too far distant from the 11,400 who hold season tickets. (This is one "fan club" that the Takeover Panel, ferreting out concert parties and the like among companies' shareholders, *will not worry about.*)

An indoor sports arena at White Hart Lane, a housing development on the Cheshunt training ground, a new line of Spurs merchandise, and sporting tours will all, it is hoped, reduce Tottenham's financial dependence on the team.

Meanwhile, Peter Shreeves' men are scarcely letting fellow shareholders down. They are number two in the league, and as holders of the UEFA Cup face Real Madrid next month in a lucrative quarter-final.

Since devotion probably overrides commercial considerations, shareholders don't seem worried about the share price, still languishing 25 per cent below the 100p flotation level. "I've never had a fan complaining about the share price," says Bobroff. "All fans complain about the football results, even if we win 5-0."

Castro quits

Low pay and arduous working conditions have finally taken their toll on Mexico's debt renegotiation team. Enrique *Castro, effectively number two* in the team that clinched a $48.7bn rescheduling deal with top commercial banks last August, has quietly slipped away from the Finance Ministry before work on the complicated legal contract has been finished.

"There has been mounting frustration among many top Mexican civil servants at the way in which their real take home pay has fallen under the austerity regime imposed by the International Monetary Fund. Never high at the best of times, civil services salaries in Mexico have now fallen way out of line with the *private sector.*

Castro's patience finally snapped at the end of last month and he has left the ministry to look for more lucrative and tranquil employment elsewhere. Debt renegotiation may seem a glamorous profession—"After all we are *making history in a way*," *said* a colleague yesterday—but in practice it boils down to spending weeks on end living out of a suitcase in New York, while the closest the talks come to hitting the highlife is when Citibank sends out for another round of pastrami sandwiches.

Castro "leaves the ministry with full honours," his boss, Angel Gurria said yesterday. And he added that his departure should not affect completion of the rescheduling whose "foot-thick" documentation is now firmly stuck in the hands of the lawyers.

In a word

It is not easy to put some "oomph" into the House of Commons—as Roy Galley, Tory MP for Halifax, has discovered.

He tried it during a recent debate. Health education, he said, *needed* to *be given* "greater oomph"—Hon Members: "What?"

Galley spelled it out; and Home Office Minister, David Mellor, congratulated him on making it a parliamentary expression. Like Churchill's cigar, he suggested, "oomph" would become Galley's trademark—" and no doubt he will enliven many a debate with it."

Hansard, alas, has different ideas. Galley used the same word a few days later in pressing Mellor for action on the Sunday trading laws. But Hansard reports Mellor's reply as: "I am glad that my hon friend has *once again called for* 'umph.' I have commended him before on that phrase. . . (he) will not have long to wait for some 'umph'."

Galley, quite rightly, will have none of this southern substitute. He intends to go on pressing for real Yorkshire "oomph."

Observer

POLITICS TODAY

The week the clocks changed

By Malcolm Rutherford

THIS WAS the week when the clocks were changed in Whitehall. They are now pointing forwards to the next general election rather than backwards to the last.

Of course, there is a lot of fall-out still to come—defeats in the House of Lords, Tory rebellions in the House of Commons—since the legislation on the reform of local government is not yet through. But in so far as the Government thinks strategically, that belongs to the past.

Thoughts are now turning to the next Queen's Speech in tha autumn, which will lay out the guidelines for the next parliamentary session. Coming in the mid-term of the Government's life, that session will be crucial. It will determine whether Mrs Thatcher's administration still has the initiative or is running out of steam. It should also show not only whether the Tories are capable of producing a credible manifesto for the next election, bnt a programme for the 1990s as well.

Not the least reason for the new sense of excitement at the beart of government is the apparent collapse of the miners' strike. Tha outcome is not ideal for anyone concerned. But, at least from the Government's point of view, it is not at all bad.

Mr Arthur Scargill, the miners' president, did not bring down the administration, nor did ha succeed in bringing about power cuts. The economy was disrupted by the strike, bot economic growth continued. It has proved possibla to sit out a major industrial dispute, and that is a big—almost an historic—gain. The Government can now turn its mind more comfortably to the future.

However, thoughts would have been moving in that direction in any case. For the big question now is what Thatcherism in its second wind is going to offer, or indeed whether there is going to be a second wind to speak of.

Preparatory to the Queen's Speech, some of the key decisions will have to be taken in the next few weeks. There are three main areas:

- The Budget, due on March 19.
- The review of the social services undertaken by Mr Norman Fowler, the Secretary of State.
- The package to alleviate unemployment which should be introduced jointly by Mr Tom King, the Environment Secretary, and Lord Young, the recently appointed Minister without Portfolio, and former bead of the Manpower Services Commission.

All of these matters are coming to a head and they contain some overlap. Two points in particular are not leading to any easy answers.

The first is how far the Government should go to take on vested interests, for instance: the middle classes who complain at the idea of student loans rather than grants and cling to mortgage interest rate relief.

The second is how much further the Government can go in seeking to limit public expenditure.

The two points are related because if you did take on vested interests, you might save money and thus reduce the claims on the Exchequer. You might also have more to spend on relieving poverty and even on improving the infrastructure.

Perhaps unfortunately, the Budget comes first—unfortunately because it may prevent the decisions on economic, employment and social policy being taken together.

This time more than ever the so-called "Budget judgment" will be taken at the last minute, and not only because of the temperament of Mr Nigel Lawson, the present Chancellor. Recent events in the markets have made the judgment more than usually difficult. Yet if Mr Lawson has the £1.5bn or so he has sometimes suggested be has to give away, it is a safe bet that most of it will go on raising tax thresholds—taking people out of tax. There might also be some relief on taxes paid by employers, for there should be no doubt that employment has become one of the Government's key concerns on which it knows its future depends.

Still open, and under intense discussion, is the matter of striking vested interests: for example, should the Treasury risk the wrath of the Fourth Estate and the academic world by extending VAT to newspapers and books? Possibly we shall not know the answer until Budget day, but the problem is that if the Government bows to a lobby of dons about an alleged "tax on knowledge," how is it going to stand up to other vested Interests later?

Some of those lobbies may be much bigger. They inclnde the public service unions who may be touched by Mr Fowler's review of social policy, the second major area where decisions have to be taken shortly.

Mr Fowler is not unambitious about his purposes. He said at the start: "Taken together, the various reviews and studies I have set in hand constitute the most substantial examination of the aocial security system since the Beveridga report 40 years ago."

Taking on vested interests might relieve poverty

And the Government knows that perfectly well. If it comes up with a damp squib or refuses to tackle obvious inefficiencies, it will be unable to have another go this side of a general election. The problem, as Mr Fowler ontlined it at the beginning, is that too many people are receiving benefits with one band and paying tax with the other. In the middle there is a whole army of officials simply engaged in shifting funds around to no great purpose.

The aim is not necessarily to save money, bnt to use it better: in short, simplifications of the system. More benefit could then go to those who need it most. But it would be naive to suppose that this can be done without a great deal of political turmoil, and we do not yet know bow far the Government is prepared to go. That is another area where the battla between those who wisb to consolidate the record to date and those who wish to be more radical is beginning to rage. There are also, incidentally, the reactions of the Tory back-benchers to be taken into account.

We come now to the King-Young or Young-King measures on unemployment. Part of this is political necessity. The Employment Secretary cannot be seen to be announcing ever higher figures for those out of work month after month. Although it is true to say that the number in work is rising because of demographic shifts and more women seeking jobs, the unemployment trend will have to be sbown to be changing for the better.

Yet there is also the emergence of a new language. "We must," said one of the Prime Minister's closest advisers, "take np the moral challenge."

Lord Young is specifically charged with responsibility for the 14-18 year olds, though there are also to be new measures for the long-term unemployed of all ages. A vast extension of the Community Programme seems likely: paying people to help the old, the lonely, the poor and the sick, and to deal with bousing in disrepair. Yet here again there could be clashes with vested interests—the social services and the local anthorities who think that they do that already and who do not want any interference. Once more, it is uncertain how far the Government will go.

Although they do not use the word—they prefer "training" Ministers appear to be moving towards a new concept of apprenticeships on the German model of not learning a single trade, such as welding, but a wider range of skills and with the full participation of industry.

Vested interests arise again. The teachers are already disaffected and not all of them are enamoured of the idea of increasing vocational training in schools. Industry, too, and the unions will have to be persuaded to play their full part in the apprenticeship programme. But that is the kind of challenge which the Government is beginning to face if it is to reduce unemployment.

Key decisions must be taken soon by (from left) Mr Nigel Lawson, Mr Norman Fowler, Mr Tom King and Lord Young

Most of the decisions will be taken in the next few weeks, which is why though it may appear calm enough on the surface, this is really tha testing time for the future of Mrs Thatcher's administration.

Major judgments on public expenditure can probably wait until the late summer, partly because if the recovery continues revenues should rise. But one should not be surprised to see a continuing strengthening of the Treasury team: the handling of last year's public expenditure review is not regarded as satisfactory.

To end on a guessing note. Mr Norman Tebbit, the Trade and Industry Secretary, will become party chairman in September, shortly before the party conference. He would like the job, would be very good at it and the timing would be right—two or three years before the next election. That would coincide with the way Mr Cecil Parkinson took over in Mrs Thatcher'a first term. There will be a wider reshuffle to go with it.

Apprenticeships for a wide range of skills

Finally, one cannot belp noting the steady rise in his colleagues' estimation of Mr Michael Heseltine, the Defence Secretary. Almost all of them have a good word for him, not least for his perceptions of Merseyside after the Toxteth riots. He drew attention to problems with which the Government is only now coming to grapple. He is also emerging as the front-runner for the succession.

Lombard

Facing up to inflation

By Michael Prowse

"*In order to measure real economic income more accurately, the Treasury proposes that inflation adjustments be made in the calculation of depreciation allowances, capital gains the cost of goods sold from inventories, and interest income and expense.*"

This is not, regrettably, a paragraph leaked from Mr Nigel Lawson's forthcoming Budget speech but an extract from the U.S. Treasury's recent, exemplary, treatise on tax reform. Although inflation is higher in the UK than in the U.S., it would be surprising to hear a British Treasury minister (or official) admit the need for all these adjustments.

In Britain, almost everybody from the Chancellor down seems to suffer from two misconceptions. First, that the battle against inflation bas already been won in the sense that 5 per cent inflation no longer causes any serious distortions. Second, that it is extraordinarily difficult to adapt either the tax system or company accounts to the fact of continually rising prices. This, presumably, was the logic behind Mr Lawson's serious deviation from fiscal neutrality last year when, by de-indexing the corporate tax system, he began to tax fictitious profits.

The illusion that inflation of "only" 5 per cent la tantamount to price stability is a legacy of the inflationary 1970s. Previous generations worried about the consequences of 2 per ceot inflation. Yet the difference between 2 per cent and 5 per cent is huge. At 5 per cent, prices double in 14 years and rise 50-fold in a lifespan of 80 years; at 2 per cent, they rise 32 per cent in 14 years and 5-fold in a lifetime. Price stability, once taken for granted, requires a climate in which investors are uncertain whether, in the next few years, prices are likely to fall slightly or rise slightly.

In a rational world, ever-inflating nominal values could serve no purpose whatsoever. In the actual world, some trade-off may exist between jobs and inflation. The trouble arises, however, when acceptance of continuing, quite rapid inflation is coupled with a refusal to compensate for its distortions. The U.S. Treasury performs a service when it shows that quite ambitious adjustments are feasible.

It refutes, for example, the common presumption that it is impractical to adjust interest income and expense for inflation. The preseot failure—on both sides of the Atlantic—to grasp this nettle is having serious consequences. The 60 per cent taxpayer getting interest of 12 per cent when inflation is 5 per cent is paying tax at more than 100 per cent on his real return. Borrowers, for example bome buyers, are getting a corresponding subsidy. The net result is a higher equilibrium level of real interest rates and lower saving and investment.

A perfect inflation adjustment would be complex: lenders would require an annual tax deduction on every loan equal to the principal multiplied by the rate of inflation. But rough justice in the taxation of savers and borrowers could be achieved quite simply. Tax authorities could issue a tabla showing the fraction of nominal interest whicb should be excluded from tax at various inflation rates. The table shows the U.S. Treasury's calculations on the basis of a 6 per cent real return. Thus if inflation is 5 per cent, 45 per cent of interest income should be automatically relieved of tax.

This schema suggests that, with a little ingenuity, many of the distortions caused by inflation could be ironed out with minimal administrative costs. At present, the UK Government's drive for economic efficiency is bampered because rhetoric about achieving price stability prevents it admitting either that 5 per cent inflation causes serious distortions or that the tax system could and should be adapted to minimise these non-neutralities.

Inflation rate (%)	Nominal interest rate (%)	Optimal exclusion rate* (%)
0	6	0
2	8	25
5	11	45
10	16	62

* Proportion of interest income which should be relieved of tax for an assumed real return of 6 per cent. Source: U.S. Treasury.

Letters to the Editor

Never ending pits

From Mr R. Wallace

Sir,—Mr Andrew Glyn (February 6) proposed that "uneconomic" pits should not close where the costs of closure (redundancy pay, dole payments, lost tax and costs allocated to the pits which would not in fact be saved) exceed the present level of subsidy.

Intrinsically he assumes that no one ever finds alternative work. Would he care to explain what happens progressively to this country when his theory is applied nationally and outside the mining industry?

R. Wallace.
Knapp Orchard House, Knapp Lane, Painswick, Glos.

Joining the EMS

From the Editor, Financial Outlook

Sir, — The possibility of Britain joining the European monetary system is once again under active discussion. Those in favour argue that membership would have helped to support sterling while opponents suggests that pressure on the exchange rate from falling oil prices cannot be resisted by the EMS.

Fixed exchange rate systems do not work unless the member countries follow consistent economic policies and are all affected in the same way by external events (intervention may be used to reduce short term variability but cannot alter fundamentals). The first of these requirements is met by the agreement among EMS members to follow convergent policies. Britain has in effect been doing this. There is no mechanism, however, in the EMS to deal with the effects of falling oil prices. This does not matter for existing members, all of whom are affected in roughly the same way by oil prices, but if Britain were a member the EMS would fail to meet the second requirement.

For Britain to be able to join the EMS, its current vulnerability to oil price changes must be spread among all the member countries. This could be done by the British Government issuing, to other member governments, bonds whose return was dependent on oil prices, in return for conventional debt. Variations in payments on these oil bonds would offset the effect of changes in oil prices, both on the balance of payments and on public sector borrowing. The obstacles to British membership of the EMS would then be no greater than for any other country.

This proposal involves the sharing of the risk of changes in oil prices, currently borne by Britain alone. We would be taking out a type of insurance and would pay a premium by offering a higher return on the oil bonds at currently expected oil prices than we received on the other countries' conventional debt. We could even try to argue that the existing members of the EMS would benefit from our entry and should pay part or all of this premium.

This is not a "giving away" of the oil revenues, but simply a capitalisation of the currently expected stream of revenues minus an insurance premium. A drawback is that if there is an unanticipated rise in oil prices at some future date, we would in effect have to hand over the extra revenue to other European countries, but the advantage is that the size of our manufacturing industry would no longer have to adjust whenever oil prices change unexpectedly. Had such a system been in operation at the end of last year, uncertainty about the Organisation of Petroleum Exporting Countries would not have put pressure on sterling, and the recent rise in interest rates, with its adverse effects on domestic industry, could have been reduced or avoided altogether.

Giles Keating.
London Business School, Sussex Place, NW1.

Farm bankruptcies in America

From Mr W. Sykes

Sir,—The spectre of massive farm bankruptcies in America is the result of over-borrowing rather than depressed prices for farm produce. The value of maize has been maintained at around $3 per bushel over the last four years by the various programmes of set-aside and PIK, whereas land prices in the same period have dropped by 50 per cent, wiping out half the collateral on loans.

After the Great Grain Robbery of 1976, grain prices looked like continuing upward, and farmers started a spiralling buying spree of land. Leverage was the name of the game and as land values rose so farmers raised their borrowings to match. When banks had provided the second and third mortgage on the same land and refused to lend any more, farmers turned to the Farmer's Home Administration, a Federal sponsored lender of last resort.

In 1981, after the grain embargo, land prices plateaued, but continuing high interest rates and flat grain prices meant the mortgage payments could not be met, and the consequences were inevitable. Last year in Georgia, 70 per cent of farmers were reported to be technically bankrupt. One particular farm I saw had mortgages of $2,300 per acre and was on offer at $1,500, and probably is still unsold.

The problem now lies with the banks, many of which are small and local, and face the same future as their clients if they try to call in their loans. The total sums involved are enormous, supposedly of Latin American size, so what happens in the next few months when farmers need to borrow more for this spring's seed and fertiliser could have world wide repercussions.

Lord Stockton, in his stirring speech suggested, we followed the Americans and borrowed our way into growth, advice which hopefully will not be followed by British farmers.

William D. Sykes.
Lodge Farm, Bishop's Castle, Shropshire.

A start again iconoclast?

From Mr A. Broke

Sir,—Mr Kidd (January 31) expresses a fine feeling for the misfortunes of the taxpayer. But he knows perfectly well that there are two wholly separate questions. The first—and certainly the most important—is the level at which the taxpayer ought to be shorn to allow Government to meet its bills. The second is the extent to which it is reasonable to suffer a taxation system in which complexity is the norm. He and I may earn our daily bread from it, but we both know that the state of affairs is currently absurd beyond disbelief.

Government needs money—there is no point in arguing about the principle. Mr Kidd believes that right now it needs too much and I agree with him. But it can be neither right nor logical to found on this a platform for opposing legislative simplification so long as tax rates remain high.

The level of taxation is a political decision. If you choose to vote Conservative and remain a supporter of the Government throughout its tragic failures to reduce the tax burden so be it.

On the other hand the complexity of taxation is the consequence of a lack of common-sense. It has nothing to do with politics and still less to do with equity. The Chancellor appeared to make a start in the 1984 Finance Act in abolishing life assurance premium relief and stock relief and in phasing out accelerated depreciation. What be actually did was to add another 260 pages to the legislation.

An intelligent Chancellor would stop accepting the status quo and quite simply start again. The present Chancellor has the added advantage of a self-perceived iconoclasm. The combination ought to be irresistible.

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Anomalies, anomalies

From Mr J. Findlay

Sir,—Your editorial of February 5 was of the opinion that the current tax treatment of lump sum pension payments constitutes a clear anomaly. With due respect, this is not the case here, since to date it has been the Government's policy to encourage personal savings for the provision of pensions in retirement. An anomaly will only arise if there is a quirk in the rules which frustrate the intentions of the legislation.

While I would agree that there is a case for changing the rules now on the grounds of "fiscal neutrality" I am not clear as to why such a basis should be imposed on the pensions industry to the exclusion of certain other privileged areas of tax exemption, if indeed logic is the name of the game.

The proposal would appear to be another instance of tinkering with the system, whereas what is required, in fact, is a radical overhaul. The Government should therefore appoint a Royal Commission to undertake a comprehensive review of tax and social security provisions with a view to their simplification. It should reconsider the advantages of a tax credit system which was discussed at length not so long ago.

If the Chancellor is concerned with the fiscal neutrality of the savings market, he should give urgent consideration to the position of the National Savings Bank which, as from April 6, will become almost the sole repository for the small savings of the non-taxpayer in the absence of a system for repayment of tax which has been deducted under the composite rate scheme.

Now there is an anomaly for you!

J. M. Findlay.
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FINANCIAL TIMES
Friday February 8 1985

European energy demand 'to remain static'

By Ian Hargreaves in London

ENERGY DEMAND in Western Europe will increase little, if at all, in the rest of this century, in spite of steadily falling oil prices, according to a report from a leading European energy consultant.

Energy Advice, a Swiss-based subsidiary of AGB Research, expects the consequences of low energy demand to be particularly serious for the European coal and nuclear power sectors, which the report argues are still the subject of wildly over-optimistic projections by governments and international agencies.

Coal production in Western Europe, it says, will fall from 170m tonnes of oil equivalent (mtoe) in 1980 to 160 mtoe in 2000. The report projects coal imports at 105 mtoe in 2000 – more than double their current level.

Any perception of either Europe or the world as "energy poor" is wrong, the report argues. The ratio between proven global oil reserves and production is, it says, "at a near all-time high of almost 35 years as the result of additions to reserves over the past 14 years, which have exceeded the use of oil in the same period by more than 50 per cent.

"There is now a 90 per cent probability that the production of oil can continue to grow for over 30 years and a 50-50 chance that the oil industry could still be expanding in the 2040s. Supply is now, and will remain, demand-constrained."

The degree of constraint in demand will, Energy Advice says, be much greater than most forecasters assume. Because it expects Western Europe's economy to grow at an average 2.2 per cent a year and the ratio between energy use and growth in gross national product to fall from 12:20 to 9:20, the consultant thinks energy demand will scarcely grow in the next 15 years.

It puts the likeliest range of demand in 2000 at 1,200 mtoe to 1,240 mtoe, compared with about 1,100 mtoe in 1984, but thinks there is a "relatively high probability" that demand will not grow at all.

"A radically different attitude to energy use has been triggered and the process is largely irreversible for at least the rest of the century – in the absence of a collapse of oil and hence of energy prices."

Energy Advice thinks oil prices will be weak, but that they will not collapse. It puts the highest probability on a Arabian Light price in 1988 of $26 a barrel, but says there is a 15 per cent probability of a price under $20.

Two years of rising prices are then forecast, before a renewed decline in the 1990s, leading to a price at the turn of the century of $22.50 (in 1984 prices).

The report says the weakness of oil prices is linked to oversupply of all the main energy resources and predicts that the price of coal and gas will also fall.

Energy supplies and prices in Western Europe to the year 2000. Energy Advice, Rue de la Rotisserie 6, Ch 1204, Geneva. $120.

Business calls tapped by UK

Continued from Page 1

three ministers asked for a total of 43 letters to be intercepted last year. Figures for Northern Ireland are excluded for security reasons.

In general the White Paper was welcomed by Conservative MPs, with only minor reservations, although reservations were expressed by Labour MPs about some of the civil rights aspects.

Mr John McWilliam, the Labour MP with close involvement in this area as a former Post Office engineering worker, was worried that the public authorities might go ahead with phone-tapping without the Home Secretary's approval.

Brazil to cut Treasury expenditure by 80%

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL has announced an emergency programme of public spending cuts which will slash Treasury disbursements by 80 per cent over the next two months.

Only five weeks before the new civilian Government of President-elect Tancredo Neves takes office, the near-freeze on public spending is designed to cool overheated inflationary expectations and to meet targets, set by the International Monetary Fund (IMF) for the domestic economy.

An IMF team is due in Brazil shortly to examine the extent to which the country overshot its targets at the end of 1984, and to prepare a formal request for a waiver on Brazil's IMF adjustment programme.

Announcing the emergency measures package, Sr Mailson Nobrega, acting Finance Minister, made it clear that the Treasury would release funds only to meet state payrolls, legally required transfers to states and municipalities, and foreign debt service payments. All other state expenditure will be deferred.

The effect will be to cut Treasury disbursements in February and March from their expected monthly level of Cr 2,000bn to Cr 3,000bn ($500m-750m) to only Cr 500bn to Cr 600bn ($125m to $150m),) the Finance Ministry estimated.

In addition, credit levels at state banks are being frozen and state companies will be required to purchase federal Treasury bills with any surplus cash they have.

Fears of an explosion in inflation have been growing in recent weeks after the disclosure that the monetary base last December was permitted to grow by 38 per cent. In part, the brakes have had to be slammed on to counter the excessive liquidity provoked by a loose money supply policy.

With a growing mountain of Treasury bills falling due for repayment or renewal in the early days of the Neves Government, however, bankers in Rio de Janeiro are fearful that Wednesday night's emergency action will only stoke up trouble

Sinclair postpones flotation as computer sector sentiment sours

BY MARTIN DICKSON IN LONDON

SINCLAIR RESEARCH, the British home computer company, has postponed its London share flotation, planned for next month, because of "adverse stock market sentiment towards companies in the computer sector."

The decision, announced after a board meeting yesterday, came 24 hours after shares in Acorn Computers, one of Sinclair's big rivals in the microcomputer market, were suspended on the London's unlisted securities market as the company worked on a reorganisation plan.

A slowdown in the rapid growth of the UK microcomputer market has provoked a fierce price war in the past few weeks, with Sinclair and Acorn among those making sharp reductions on certain models.

Sinclair, Britain's biggest home computer supplier, said last night, however, that its unaudited management accounts showed both sales and trading profits for the nine months ended December 31 were in excess of those for the corresponding period of the previous year.

The company recorded pre-tax profits in the year to March 1984 of £14.28m on turnover of £77.69m ($86.24m).

This is the second time Sinclair's flotation has had to be postponed. It originally intended to go public early last year but that had to be put back after problems in the U.S. and a succession of delays with new product launches in the UK. British institutions invested £13.6m in a private placement of Sinclair equity in January 1983.

Sir Clive Sinclair, the company's founder, still owns most of its equity.

Sinclair, which has been advised on its flotation by N. M. Rothschild, the merchant bank, could give no indication last night of how lengthy the postponement might be. Analysts suggested one possibility was that it might seek a launch in July, after publication of its full-year results.

Shares in Acorn, which has faced a mounting crisis of investor confidence over its sales figures, were suspended on Wednesday at 28p, which compares with a high last year of 193p.

The shake-out in the UK computer industry claimed two victims last week when Prism, a major British distributor of Sinclair computers, and Oric, a small micro supplier, both went into receivership.

Canada moves to boost C$

BY BERNARD SIMON IN TORONTO

THE CANADIAN authorities have sanctioned a sharp rise in domestic interest rates to reverse a slide in the Canadian dollar.

The Bank of Canada, the central bank, yesterday pushed up its bellwether bank rate by 56 points to 10.31 per cent, one of the largest increases in the past four years. Bank rate is set weekly.

Immediately after the announcement the Canadian dollar rose to 74.90 U.S. cents, from its record low of 74.79 cents earlier in the day.

An analyst at Wood Gundy, the Toronto investment dealers, said he expected the Canadian dollar to rise further over the next few days.

Pressure on the Canadian currency in recent weeks has partly reflected the continued strength of the U.S. dollar. It has also reflected a narrowing of the traditional differential between U.S. and Canadian short-term interest rates, however, and growing fears that the new Conservative Government is backing away from firm action to trim Canada's large budget deficit.

The official foreign exchange reserves fell C$204m (U.S.$153m) in January, almost 10 per cent of the total.

Reuter reports from Ottawa: Canada had a record trade surplus of U.S. $15bn last year, with the U.S. by far its best customer.

The U.S., according to figures released yesterday, bought almost 77 per cent of all Canadian exports, prompting concern in some quarters about over-dependence.

Canada's trade surplus with Japan slipped last year, and officials blamed increased Japanese car sales in Canada. The gap also narrowed with Britain, partly because of an increase in crude oil imports from the North Sea.

Phillips Petroleum says it is worth $9.6bn

Continued from Page 1

offered cash; the rest of shareholders are being offered paper of uncertain value.

The hostility to the plan came into the open on Monday when Mr Icahn proposed that either the company raise the value of its package to $55 per share or he would begin a cash tender offer for 51 per cent of Phillips shares at $55 a share, with the balance of the shares to be swapped for paper.

Mr Icahn, one of Wall Street's most feared corporate raiders, said that Donaldson, Lufkin & Jenrette had valued the Phillips original package at $42 per share. Several other reputable oil analysts on Wall Street have also queried Phillips' valuation, since it is difficult to know the value that the financial markets will put on the paper Phillips is planning to issue.

Phillips' board took additional steps yesterday to improve its recapitalisation plan and insulate itself further. It said that after approval of the recapitalisation, scheduled for February 22, it intends to declare a dividend payable in a new issue of preferred stock worth $3.32 principal amount a share of common stock outstanding after the exchange, which will take place after recapitalisation is approved.

Phillips will also speed up purchase of its own shares and says that shortly after the recapitalisation plan is approved it will make a tender offer for 20m of its shares at $50 per share.

Finally, Phillips is adopting a "poison pill" provision, which will make it more difficult for an unwelcome predator to take over the company.

It has declared a dividend distribution of one note-purchase right on each outstanding share of Phillips common stock. Each right will enable its holder to exchange one share of Phillips common stock for $62 principal amount of 15 per cent *Phillips* one-year senior notes. The rights will not be exercisable until an investor acquires more than 30 per cent of the company's shares.

Long prison terms for priest's killers

Continued from Page 1

napped Father Popieluszko, famed for delivering outspoken pro-Solidarity sermons in his north Warsaw parish church, on October 19 and killed him

Yesterday in court, Mr Pietruszka listened to his sentencing with the calm that he had exuded throught the trial. But Mr Piotrowski, the only one for whom the prosecution had sought the death penalty, seemed most affected in *getting a 25-year prison sentence* instead.

Outside the closely-guarded courthouse, several hundred people gathered in the snow, many of them suggesting that the death penalty would have been more appropriate and expressing disbelief that the four would serve their full terms.

The way the Polish media has played up attacks on the church made in the Torun courthouse has been criticised in a rare open letter by Archbishop Bronislaw Dabrowski, secretary of the Polish episcopate, to PAP, the official Polish news agency.

Bhopal shadow on Carbide's plan for UK plant

By Mark Meredith in Edinburgh

THE PROBLEM facing Union Carbide, which hopes to build a £6m ($6.66m) gas-mixing plant at Livingston new town, West of Edinburgh, Scotland, was shown by a remark made at a packed public meeting: "We don't want you here. Go away once and for all."

The Bhopal disaster in India in December, when 2,500 people died after a leak of vaporised methyl-isocyanate from a Union Carbide plant has soured what looked like a welcome addition to Scotland's growing electronics industry. The public scrutiny of the U.S. *multinational company* has also put to the test the British Government's new guidelines for major industrial hazards.

At the rowdy meeting on Wednesday night Dr John Harvey, *managing director of Union Carbide* in the UK, pledged his company's commitment to safety with the new project, but convincing his audience proved an uphill struggle.

Mr Malcolm Gowing, who looks after the company's public relations in Britain, said: "It was a bit disappointing. Most people appeared to be preconditioned against Union Carbide. Emotions were running high."

Last September Union Carbide's plans were announced as something of a coup for the highly successful tactics of the Scottish Office and Scottish Development Agency in attracting new companies.

Union Carbide was especially important for Scotland because it reflected growth in the infrastructure supporting the electronics industry, which employs about 40,000 in about 300 companies. The arrival of service industries is seen as a sign that electronics has established a growth momentum of its own.

The company wants to build a gas-mixing plant at Livingston to produce special gases, largely for the electronics industry. Gases are used, for example, in the etching process for making semiconductors. Among the gases it will make into "cocktails" are arsine and phosphine, both of which are highly toxic and attack the nervous and blood systems.

Livingston's Development Corporation *from planning permission* for Union Carbide after the Bhopal incident until the opinions of the public, the Government's Health and Safety Executive and the local council were heard.

Typical of comment after Wednesday's meeting was: "The Union Carbide men just could not relate to the people. They did not send in a powerful enough team and showed slides that no one could understand."

A local action committee member said: "People simply do not trust Union Carbide. They do not want anything whatsoever to do with them. What we are now pressing for is that Livingston Development Corporation drop the idea or hold a referendum."

Union Carbide commissioned a study from consultants showed that the chance of local people being affected by a gas leak were less than those of being struck by lightning – about one chance in 12.5m. Health and Safety Executive officials admit, however, it is difficult for people to put dangers in such a perspective. The Livingston plan also illustrates how difficult it is to assess the danger of an industrial installation.

Regulation and supervision have increased greatly since the Flixborough disaster in the UK in 1974 when 28 people died after an explosion at a plant making nylon monomer and the blast at a defoliant factory in Seveso, northern Italy in 1978. After Seveso the European Commission drew up a directive for member countries which was issued as regulations by the UK Secretary of State for Industry in December.

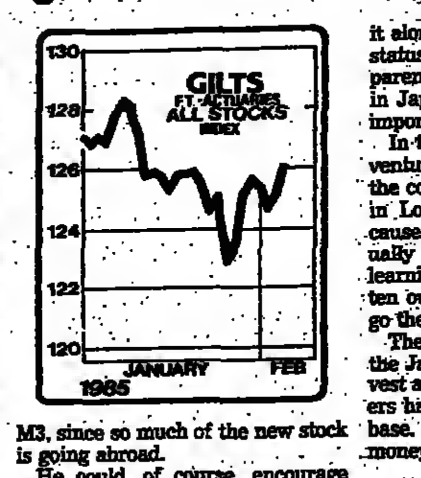
These regulations, which would apply to Union Carbide's plant in Scotland, if it obtained planning approval, put the scheme in the top of the two tiers of hazardous plants because of the amounts of chemicals such as arsine and phosphine it would handle. If more than 10 kilogrammes of either chemical is stored a plant is in the most hazardous tier.

According to Union Carbide the Livingston plant would have 60 kg both arsina and phosphine stored in 10 kg cylinders. The regulations require Union Carbide to present a safety case on the nature of the hazard, and how it proposes to control it. Plans for off-site control and arrangements to inform the public are also required.

Bhopal cases go to court, Page 4

THE LEX COLUMN

Bumpy rides on the yield curve



The gilt-edged market appears not to have noticed that the clearing banks are advertising base rates of 14 per cent.

Fixed interest failed to move into line with the money market when the banks lifted their rates 10 days ago. Since then the gap between them has grown wider and wider. By yesterday evening short gilts were cheerfully discounting base rates of 12 per cent or less.

Since this week's money supply figures provided little justification for a fall in base rates – and none at all for a cut of two points – gilt-edged might appear just a touch over-priced. They already looked expensive on Wednesday evening – and yesterday saw further gains extending from a point in the short stocks to almost two points in the ultra-longs.

The readiest explanation of this strange state of affairs is that, for overseas investors, gilt-edged look attractive in relation to dollar bonds. Not only is sterling the one leading currency to be holding its own, and yesterday even gaining ground, against the mighty dollar, but the yield gap between dollar and sterling bonds has been moving consistently in London's favour in the past three months.

A fund manager in Frankfurt or Riyadh who can pick up a little extra yield by switching into a rising currency is perfectly happy to ignore the resulting dislocation between gilt-edged and money market returns. Meanwhile, the domestic institutions are too scared of being left out of the party to reduce their gilt-edged holdings and move into cash, of which they have plenty already, or equities, which feel as toppy as gilts. Some are even selling the short and intermediate stocks to foreign investors and moving into longs – not normally the recommended course of action in an overpriced market.

The gamble may work so long as sterling holds up. The tightening of monetary policy seems to have done the trick for the moment and the Government Broker must be grateful for the opportunity to sell so much stock. Gross gilt sales may total about £4bn already in the current banking month and the authorities still have the opportunity to wheel out a tap later today if they choose.

Yet while the Government Broker is no doubt doing a marvellous job of financing the PSBR, he is probably not achieving much containment in the growth of sterling M3, since so much of the new stock is going abroad.

He could, of course, encourage the Bank of England to let sterling slide and so bring all those gilts back into the hands of the non-bank private sector. There have been so many changes in policy tack in the past few months that another one might hardly be noticed.

Jardine/Yasuda

The announcement yesterday of Jardine Fleming's joint venture with Yasuda Trust was no doubt a symptom of the opening up of Japan's financial markets, but first and foremost it looked a canny piece of deal-making by both parties.

Under the Japanese Ministry of Finance's draconian regulations only trust banks and insurance companies are allowed to manage domestic pension funds. So Jardine has won a foothold in that extremely lucrative business, unlike Touche Remnant, which has teamed up with Bank of Tokyo, a city bank.

Providing Yasuda, the fourth largest trust bank, does its marketing and is prepared to move some accounts to the joint investment advisory company, Jardine has a ready-made client base. Yasuda, meanwhile, wins Jardine's and Robert Fleming's international expertise.

Japanese fund managers generally produce low returns on their assets and have little experience with overseas markets, but trustees are starting to demand better performance which many domestic managers are ill-equipped to deliver. So for the moment, at least, the pickings should be rich for foreigners with international knowhow.

The alternative strategy for foreign investment managers is to go it alone and apply for trading status. Morgan Guaranty has apparently followed this route, which in Japan – where contacts are all-important – could be risky.

In the long run, though, the joint ventures seem unlikely to last. Once the consortium banks of the 1970s in London in the early 1980s, because none of the members individually had enough expertise, the learning curve will eventually flatten out enough for the partners to go their own way.

The problem for the partner is that the Japanese trust banks now invest abroad long before the foreigners have found themselves a client base. In the meantime, though, the money is there to be made.

Venture capital

Abingworth, the investment trust, must have had cause last year to regret its concentration in technology stocks in the U.S. With the market for listed companies feeble in the extreme, Abingworth did well to increase its net asset value per share by 12.5 per cent in the half year to December.

But since the turn of the year Wall Street has clearly decided that the shake-out in computer stocks is all but over, and there are signs that this has spread to the provision of venture capital. Yesterday's successful offer for sale of Berkeley Technology, which supplies development capital for high-technology projects on the West Coast, shows that the message has been heard in London.

The valuations of Abingworth's three core holdings have been marked up substantially in the past months, which would suggest net asset value for Abingworth of over 385p, implying that the share (up 3p yesterday to 310p) is trading at a 20 per cent discount.

Admittedly, a full 16 per cent of Abingworth's portfolio is in a single company (the Apple of its eye), but the large proportion of the total that is in unlisted situations makes for a smoother asset value performance over the short term.

For the moment, Abingworth may find it difficult to diversify that portfolio still further and so reduce its exposure to any single computerised disaster. But, if present trends are to go by prices for private financings may soon pick up enough to encourage U.S. entrepreneurs to part with pieces of their action.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Dubrovnik	S	12	54	Malaga	F	17	63	Salzburg	Sn	-1	30
Akrotiri	—	—	—	Faro	C	17	63	Malta	S	15	59	Seoul	—	—	—
Algiers	R	23	73	Florence	C	12	54	Manila	—	—	—	Singapore	—	—	—
Amsterdam	F	1	34	Frankfurt	S	2	36	Miami	C	20	68	Stockholm	F	-13	9
Athens	F	13	55	Funchal	S	15	59	Milan	Fg	1	34	Strasbourg	C	4	39
Bahrain	—	—	—	Geneva	C	4	39	Moscow	C	-12	10	Sydney	—	—	—
Bangkok	—	—	—	Gibraltar	F	15	59	Munich	Sn	-1	30	Taipei	—	—	—
Barcelona	S	14	57	Guernsey	F	9	48	Nairobi	—	—	—	Tangier	C	21	70
Beirut	F	14	57	Helsinki	S	-17	1	Naples	F	13	55	Tehran	—	—	—
Belgrade	C	5	41	H. Kong	—	—	—	New Delhi	—	—	—	Tel Aviv	F	17	63
Berlin	S	-2	28	Innsbruck	F	5	41	New York	C	-5	23	Tenerife	S	20	68
Biarritz	S	21	70	Inverness	F	3	37	Nice	F	13	55	Tokyo	—	—	—
Blackpool	R	3	37	Istanbul	S	11	52	Oporto	R	15	59	Toronto	Sn	-11	12
Bordeaux	R	18	64	Jersey	C	10	50	Oslo	S	-8	18	Tunis	S	15	59
Brussels	F	3	37	Jo'burg	—	—	—	Paris	C	7	45	Valencia	F	18	64
Budapest	S	4	39	Las Palmas	S	22	72	Prague	F	-3	27	Venice	S	5	41
B. Aires	—	—	—	Lima	—	—	—	Reykjavik	F	1	34	Vienna	S	2	36
Cairo	—	—	—	Lisbon	R	15	59	Rio de J'o	—	—	—	Warsaw	S	-11	12
Cape Town	—	—	—	Locarno	F	7	45	Rome	S	14	57	Zurich	F	8	46
Caracas	—	—	—	London	R	4	39								
Casablanca	F	21	70	Los Angeles	S	7	45								
Copenhagen	S	-8	18	Luxembourg	C	1	34								
Corfu	F	13	55	Madrid	F	13	55								
Dublin	Dr	7	45	Majorca	S	15	59								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Snow Report

EUROPE

Arosa (Sw.)	80–120 cm	New snow on good base
Avoriaz (Fr.)	105–130 cm	More snow still needed
Davos (Sw.)	40–180 cm	Good skiing on upper slopes
Flaine (Fr.)	40–210 cm	Lower slopes icy
Grindelwald (Sw.)	10– 80 cm	Good skiing on upper slopes
Klosters (Sw.)	40–180 cm	Light powder on upper slopes
La Plagne (Fr.)	55–180 cm	Good skiing on upper slopes
Megeve (Fr.)	30– 90 cm	Spring conditions
St Anton (Au.)	30–240 cm	Soft snow on hard base
St Moritz (Sw.)	70–130 cm	Hard packed with icy patches
Tignes (Fr.)	60– 90 cm	Good piste skiing
Zermatt (Sw.)	20– 70 cm	Skiing best above 200 m

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col.)	44– 48 ins.	Packed powder; 98% runs open
Sugar Bush (Ver.)	20– 48 ins.	Packed powder; 41 runs open
Killington (Ver.)	24– 48 ins.	Best conditions all season

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Jardine Fleming signs landmark Japanese deal

BY JUREK MARTIN IN TOKYO

JARDINE Fleming yesterday became the first foreign financial institution to enter into a Tokyo-based joint venture, with one of the eight Japanese trust banks.

The new investment advisory company brings together Jardine Fleming, jointly owned by Jardine Mathieson, the Hong Kong trading company, and Robert Fleming, the British merchant bank, and the Yasuda Trust group, whose trust-banking arm, with about $35bn in assets, ranks fourth among Japanese trust banks.

As well as classical trust fund management, Japanese trust banks share with insurance companies a monopoly over the lucrative pension fund business which many see as the most attractive source of funds in the country and one which is due for a considerable shake-up.

Mr Alan Smith, the managing director of Jardine Fleming Holdings and the new company's chairman, said the joint venture basically comprised of a marriage of Jardine Fleming's expertise in fund management and Yasuda Trust's assets and clients.

He also put the agreement very much in the context of the Ministry of Finance's desire to revitalise the trust banking sector.

Later this year eight foreign financial institutions will probably be granted trust bank licences with the clear hope that this will lead to Japanese pending fund management standards being raised.

Over the past six months, several investment advisory joint ventures involving Japanese trust banks and foreign institutions have been mooted, but these have either to get off the ground or are not Tokyo-based. Merrill Lynch has established an investment advisory service independently.

Jardine Fleming, which opened its Tokyo office in 1971, is believed to be the largest foreign investor in the Japanese equity market, with more than $2bn in funds under management. It is one of the 10 foreign firms to possess a Japanese securities license.

Yasuda Trust, like other firms in its sector, has been noted for extremely cautious investment policies, with the overwhelming majority of its foreign holdings in high quality, but not necessary high-yielding, bonds.

Mr Smith suggested that greater diversion into foreign equities could be expected, a process in which Jardine Fleming's experience and expertise would be important.

The new company, called Jardine Fleming Investment Advisers (Japan) is 51 per cent owned by Jardine Fleming, the balance by the Yasuda group, which also includes leading Japanese life, fire and marine insurance companies.

Year-end turnround boosts Allied

By Terry Dodsworth in New York

ALLIED Corporation, the U.S. chemicals group, saw its net profits leap last year to $488m, or $5.63 a share, from $95m, or 9 cents, in 1983. Sales increased by 8 per cent from $9.9bn to $10.7bn.

A large part of the advance was achieved in the fourth quarter – Allied lost $233m, or $3.19 a share, in the corresponding period last year, as a result of charges related to the closure of its machine tool and liquid fertiliser businesses.

In the fourth quarter of 1984, profits surged back to $90m, or 90 cents a share, while sales rose by 6 per cent from $2.5bn to $2.6bn.

Mr Edward Hennessy, chairman, said that fourth-quarter after-tax income from the company's basic businesses was up 85 per cent over the 1983 quarter. This reflected the "significant" turnround by divisions in the industrial and technology sector, he said, and strong performances in the automotive, aerospace and chemicals sectors.

Oil and gas income was essentially unchanged.

Mr Hennessy said the company was experiencing strong demand in its aerospace businesses for communications equipment related to defence applications and for airframe and support systems for military products.

The groups automotive activities doubled their income from 1983's fourth quarter as a result of the continued strength of all North American vehicle markets and improved operations in Europe and Latin America.

Higher income from the chemicals sector was the result of improved performances by industrial fibres, engineered plastics, chrome chemicals and hydrofluoric products.

In the company's oil division, proven reserves at the year end were up by 17 per cent over 1983.

On a continuing operations basis, income for 1984 of $487m, or $5.92 a share, improved by 9 per cent over the previous year.

Rothschild sells broker to Royal Bank group

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

CHARTERHOUSE J. Rothschild, the UK financial services group, is to sell its stake in Kitcat & Aitken, the stockbroking firm.

The purchaser is Orion Royal Bank, the London merchant banking subsidiary of the Royal Bank of Canada, Canada's largest bank, which is keen to enter the UK securities and government bond markets.

The terms of the sale, Charterhouse's second in a month, were not disclosed. But like many of the deals which are changing the face of the British financial establishment, they include an inducement for Kitcat's senior staff to stay on. They also provide for Orion to raise its stake to 100 per cent when stock exchange rules permit.

Mr Jacob Rothschild's CJR group bought its 29.9 per cent stake in Kitcat for about £500,000 ($560,000) in 1982. But following the failure of his proposed merger with Allied Hambro last summer, which would have created a large retail institution, Mr Rothschild decided to concentrate on the wholesale market instead, and make disposals which run counter to the current fashion.

Last month he sold the Charterhouse Japhet merchant bank, acquired only a year previously, to the Royal Bank of Scotland. As a result of these sales, CJR – now to be renamed J. Rothschild Holdings – has nearly £800m in unencumbered funds for deal-making. The group will form its own firm to join the London stock exchange.

Mr John Abell, chairman and chief executive of Orion Royal, said the alliance with Kitcat will enable the bank to develop its expertise in equities and fund management, and expand its corporate finance business. Orion had earlier failed to clinch a deal with Pember & Boyle, a leading broker in the gilts market.

Orion Royal now intends to apply to the Bank of England to become a primary dealer in the new-style gilts markets. A separate subsidiary capitalised at about £15m will be created.

Kitcat said it valued its relationship with CJR but the change of strategy had obliged it to reconsider its future. The approach for the deal had come from Orion, with whom Kitcat had had a long association as the Royal Bank's London broker. CJR's chief executive, Mr David Montagu, was also formerly head of Orion.

Mr Nils Taube, the senior partner of Kitcat & Aitken at the time of the CJR acquisition, will remain with CJR where he is now investment director. CJR will also retain the fund management and private client business it bought from Kitcat in 1982.

With 27 partners, Kitcat is a medium sized stockbroker known for its institutional clientele and research in the insurance, transport and leisure industries.

Manville boosts earnings by 15%

By Our New York Staff

MANVILLE, the U.S. building products company which is struggling to settle heavy asbestos-related damages claims increased its earnings by 15 per cent last year, as sales rose from $1.7bn to $1.8bn.

The Denver-based group is currently operating under Chapter 11 bankruptcy regulations, which it sought as a means of protecting itself from the damages claims until it reached an overall agreement on how they should be settled.

It said yesterday that "substantial uncertainties" still exist over the eventual settlement of the claims, and that the company has accordingly not recorded any liability for them in its consolidated statement.

Litigation is still continuing over the health claims.

The results show that in 1984 the company charged $26m against earnings for asbestos-related costs, against $20m in the previous year. After this charge and a provision of $17m against Chapter 11 costs, down from $18m in 1983, net earnings amounted to $77m, or $2.18 a share against $67m or $1.76 a share in 1983.

In the fourth quarter, net income rose sharply from virtually break even to $18.2m, or 50 cents a share, while sales rose from $431m to $456m.

Manville said that it was not possible to make any "reasonable estimate" at present of the ultimate cost of the asbestos-related health claims, because it was not clear how many would be valid and how much they would cost.

The amount of insurance available to settle claims was also unclear, it added.

So far, Manville has come to an agreement with six of its insurers for a total of $426m for cover on its asbestos-related claims. It has said that it expects to receive an additional $600m from 21 other insurance companies, but there is no indication whether these funds will be sufficient to cover the global claims against the company.

Albright to buy Mobil division

By Tony Jackson in London

ALBRIGHT & Wilson, the British chemicals company, is to acquire the phosphorus business of Mobil in the U.S. The deal has been agreed between Mobil and Tenneco, Albright's U.S. parent, for an undisclosed sum.

Albright is acquiring two plants, in Charleston, South Carolina, and Fernald, Ohio, employing about 200 people. The plants produce a range of phosphorus compounds, with a particular emphasis on phosphoric acid, a chemical mainly used for fertilisers.

Albright dominates the British market for phosphorus and phosphoric acid, taking its entire supply of elemental phosphorus from its plant in Long Harbour, Newfoundland.

The company will be examining the possibility of supplying the Mobil plants from Long Harbour

Chevron to dispose of Gulf Canada stake

BY BERNARD SIMON IN TORONTO

CHEVRON, the U.S. oil group, has agreed to offer its newly-acquired majority shareholding in Gulf Canada for sale to Canadian investors in return for government approval of the acquisition. Chevron acquired the Canadian interest as part of its takeover last year of the U.S. based Gulf parent company.

By approving Chevron's investment in Gulf Canada and at the same time obtaining an undertaking that the stake will be offered for sale, the federal Government has achieved the twin objectives of encouraging new foreign investment in Canada's energy industry while not offending influential groups calling for greater domestic participation in the oil and gas sector.

The new Conservative Government in Ottawa, elected last September, has pledged to improve the investment climate soured by the national energy programme adopted by the previous Liberal Government in 1980.

Chevron said yesterday that its offer will remain open until the end of April, and that it is willing to negotiate with any "responsible and credit-worthy" Canadian-controlled purchaser to sell its interest at a "fair and reasonable price."

Gulf Canada, 60 per cent owned by Gulf Corporation, posted a profit of C$308m (U.S.$231m) last year on sales of C$5.3bn.

In a separate but related development, the Government approved Texaco's acquisition of Getty Oil's Canadian assets, following last year's takeover of the U.S. parent company.

Texaco has undertaken, however, to reduce its stake in Texaco Canada from 90 per cent to about 80 per cent by the end of 1987.

Mr Pat Carney, the Canadian Energy Minister, said yesterday that Texaco has also agreed to invest at least C$1.7bn in exploration and other projects in Canada over the next four years.

Babcock in Egypt coal deal

By Ian Rodger in London

BABCOCK Contractors, a subsidiary of Babcock International of Britain, has won a contract in Egypt to oversee the £90m ($100.8m) redevelopment of the Maghara coal mine in the Sinai.

Babcock, with the assistance of the British Mining Consultants subsidiary of the Natioanl Coal Board, will design, procure and manage the UK supply for the project which could eventually be worth some £50m. Babcock's own mining equipment manufacturing companies are expect to figure prominently among the UK suppliers.

The company will also provide management, supervision and training support in Egypt.

The mine, which is 120km southwest of El Arish, is expected to produce 600,000 tonnes of sub-bituminous coal per year by 1989.

Schlumberger profits rise 20% in quarter

BY TERRY DODSWORTH IN NEW YORK

SCHLUMBERGER, the U.S. oil services group, increased its net profits last year by 9 per cent, with a strong 20 per cent surge in earnings coming in the fourth quarter.

Net income for the year amounted to $1.18bn, or $4.10 a share, against $1.08bn, or $3.73, in 1983. Sales rose to $6.4bn from $5.8bn.

In the fourth quarter, earnings rose to $311m, or $1.08 a share, compared with $260m, or 90 cents, in the previous year. Revenue increased to $1.7bn against $1.49bn.

Mr Jean Riboud, the group's chairman, said that the increase in earnings for the year was mainly attributable to higher well activity in North America, improved results at Fairchild Semiconductor and Computer Aided Systems, and higher interest income.

Lower oilfield activity outside North America had to some extent offset these improvements, Mr Riboud added, while the acquisition of 50 per cent of Dowell in North America reduced earnings by $38m, or 10 cents a share. Dowell's operations increased revenue by $218m.

Schlumberger said that it will consolidate the results of Sedco, the recently-acquired offshore drilling contractor from the beginning of the current year.

● British Petroleum yesterday signed an agreement with the Government of Thailand to prospect for oil and gas over an area covering 10,000 sq km north of Bangkok, Dominic Lawson in London writes.

During the initial three-year period of the licence BP will spend about $25.5m carrying out seismic work and drilling at least two exploration wells. It is the first time that BP has had an onshore licence in Thailand.

INTERNATIONAL COMPANIES and FINANCE

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Upturn at Swiss Volksbank

By Our Financial Staff

SWISS VOLKSBANK, which ranks as number four in the Swiss banking league, reports increased earnings for 1984 and is stepping up its dividend.

Against SwFr 62.2m in 1983, after tax profits have improved to SwFr 75m ($27m) a gain of a fifth. Depreciation and provisions for the year were little changed at SwFr 100.7m.

When unveiling a SwFr 72m rights issue last October, Volksbank told shareholders that profits for 1984 would be favourable.

It is now lifting its dividend to SwFr 60 a share from the SwFr 53 paid for 1983. The payout improvement means that Volksbank has increased its dividend by a third (from SwFr 45 in just two years.

The bank's balance sheet total at the end of the year was SwFr 22.5bn, compared to SwFr 22bn in September and SwFr 20.6bn at the end of 1983.

Volksbank has experienced a year of steady banking progress. After nine months, its deposits were showing increases of 5 per cent while advances at close to SwFr 16bn, were running some 8.7 per cent ahead.

KLM sees record year as nine-month profits soar

BY OUR AMSTERDAM CORRESPONDENT

KLM, the Dutch airline, nearly doubled earnings to Fl 338.5m ($92.2m) in the nine months ended December 1984, virtually assuring record profits for its fiscal year.

The airline, which is 55 per cent owned by the Dutch Government, expects to post a "clearly higher" profit for this year compared with the Fl 103m net income of 1983-84.

The second half of the year, which ends March 30 and covers autumn and winter, historically is a loss-maker for KLM. But the airline has actively sought to reduce seasonal fluctuations by expanding its freight services.

In the third quarter, net results swung into the black with a Fl 19.1m profit compared with a Fl 23.6m loss in the year-earlier period. Earnings amounted to Fl 172.8m in the first nine months of the previous fiscal year.

A higher load factor and sharply lower interest charges largely accounted for the turnround in the latest quarter. While the Dutch Government has a majority stake in KLM, the airline is run as a private enterprise and receives no operating subsidies.

Mr Sergio Orlandini, the head of KLM, has campaigned for sharply higher profitability, or profits as a percentage of sales, in order that the company can resume dividend payments. KLM has not paid a dividend for six years.

The airline is engaged in an ambitious Fl 5bn investment program over the next five years. Among the plans is the replacement of KLM's entire DC-9 fleet (19 aircraft), which primarily is used on its high-frequency European network, with 100 and 150-seat aircraft.

The supervisory board said on Thursday that it would decide within coming months whether to purchase the Fokker-100, the Dutch aerospace group's new 100-seat craft that is designed for short-haul routes. KLM is known also to be considering the Boeing 737-300, the Airbus 320 and DC-9—80.

Bosch buys U.S. plant as market expands

By John Davies in Frankfurt

ROBERT BOSCH, the West German electrical and motor vehicle parts concern, is stepping up its involvement in the U.S. with plans for a new production centre, mainly to make fuel injection system components.

It is buying a factory at Anderson, South Carolina, where it plans to start up production in 1987 with a workforce of more than 500.

Bosch already has a major motor vehicle components factory at Charleston in the same U.S. state, with 1,200 employees. The factory's operations have been built up since 1974, with investment totalling about DM 200m ($62m).

The company said a new production site was necessary to meet increasing orders from the U.S. motor industry. It has not, however, disclosed details of the purchase price or its investment plans.

Bosch now earns about 10 per cent of its consolidated sales revenue in the U.S. both from local production and from goods exported from West Germany.

The group's sales for last year have not yet been disclosed, but in 1983 they amounted to DM 14.3bn, including about DM 1bn in the U.S.

Business in the U.S. has been growing rapidly in recent years, and the U.S. overtook France as the company's main foreign market in 1983.

In addition to vehicle components, Bosch has a wide range of other manufacturing activities in the U.S., including power tools, and it also embarked on plans to assemble packaging machinery from this year.

Bosch bought a 19.5 per cent stake in Weldon International of Michigan last year as part of its efforts to develop sales of industrial equipment in the U.S.

Bosch reorganised its U.S. operations from the beginning of last year, bringing them together under a subsidiary with headquarters in Broadview, Illinois.

IMI to sell Ambrosiano stake

BY ALAN FRIEDMAN IN MILAN

ISTITUTO Mobiliare Italiano (IMI), the Italian state-controlled medium-term corporate finance institution which owns 18.67 per cent of Nuovo Banco Ambrosiano, is planning to sell its stake to a pool of private banks from the Veneto region for around L130bn ($63.5m).

IMI became a shareholder in Nuovo Ambrosiano (the successor to the late Roberto Calvi's failed bank) in August 1982. It was one of seven banks four private and three state, which joined in the L600bn rescue.

The price IMI is likely to receive for its share is around 30 per cent higher than its initial investment.

The news of the impending departure of IMI adds to an already confused state of affairs at Nuovo Ambrosiano, where deliberations are still underway as to the possible sale of its La Centrale financial subsidiary.

Sig Giovanni Bazoli, the chairman of Nuovo Ambrosiano says he prefers to merge the bank with its subsidiary. But this would be an extremely complex operation, involving the transfer of unquoted bank shares into the stock market listing of La Centrale.

The IMI sale plan, like other issues connected with Nuovo Ambrosiano, has been shrouded in secrecy and rumour. It is also understood that there are political considerations in the discussions, both concerning the role of Nuovo Ambrosiano's state bank shareholders and the possibility of links between the Veneto banks and the cash-rich Banca Cattolica del Veneto, an Ambrosiano subsidiary.

Last spring a consortium of Veneto banks tried to purchase for L300bn La Centrale and the Cattolica subsidiary. But the Bank of Italy blocked this and Nuovo Ambrosiano's directors were left to ponder other options.

The new Veneto pool of banks contains some of the same institutions which were defeated

Two Berlin factories for AEG

BY LESLIE COLITT IN BERLIN

AEG, the West German electricals group, has invested some DM 150m ($46.5m) to establish two new production facilities in West Berlin.

High power electronics and heavy plant production will be concentrated in one factory in the suburb of Marienfeld, along with the Berlin accounting centre and the electronic engineering arm of the AEG-Kanis subsidiary. A further factory in the Spandau area will concentrate on railway technology.

The two plants will eventually employ about 2,500 people. The power electronics plant is developing the electronics for China's Bao Shan steel works, where AEG has obtained a DM 100m contract.

The division's sales to the U.S., virtually non-existent in 1983, were $4m last year. The power electronics division sees its export specialities as dynamic compensation units for electric power companies.

The division regards itself as a European leader here, along with Siemens and Brown Boveri, and exports 80 per cent of production. Last year, power electronics and rail technology in Berlin had combined sales of about DM 600m out of total AEG turnover of more than DM11bn.

Spain gives go-ahead for Lesieur to control Koipe

BY DAVID WHITE IN MADRID

LESIEUR, the French food group, has received Spanish Government authorisation to raise its stake in Koipe, Spain's biggest edible oils company, but is still unable to go ahead with its takeover of Carbonell, the second biggest concern.

The French group would, if its plans were fulfilled, have roughly half Spain's important edible oil business. The plans provoked a bitter row last year, meeting resistance from Lesieur's partners in Koipe, other companies in the sector and the Ministry of Agriculture.

The Government's decision now allows Lesieur to establish majority control over Koipe under the terms of an agreement worked out with other shareholders. Lesieur is to subscribe to a capital increase at a cost of Pta 2.6bn ($14.6m) including payment for minority shareholders' subscription rights. This will raise its stake from just under 50 per cent to 63 per cent.

The capital increase is on the basis of three new shares for eight old shares.

The other side of the coin for Lesieur is that its Pta 4.4bn deal with Banco Hispano Americano to buy Carbonell remain paralysed. The purchase has been awaiting a go-ahead from the Government since last June. Efforts to put together an alternative Spanish bid have failed but government officials said yesterday a mixed Spanish-French solution was being sought.

The controversial Carbonell deal came after Unilever, Lesieur's principal rival in Europe, had shown interest in acquiring the company.

OCE lifts 1984 dividend

BY LAURA RAUN IN AMSTERDAM

OCE-VAN DER GRINTEN, the Dutch photocopier maker, has raised its 1984 dividend to Fl 9 a share from Fl 8.40 following the year's strong profit gains.

Sales increased by 10 per cent to Fl 1.83bn ($501m) in 1984 from Fl 1.66bn the preceding year, and net profits—as reported last month—rose 28 per cent to Fl 64.8m.

Sales in the office-systems division last year jumped by 23 per cent to Fl 784m, or about four-fifths of total turnover, continuing the trend of accounting for an increasing proportion of income in recent years.

The introduction last year of the Oce 1825, a high-speed plain-paper copier, is expected to further strengthen Oce's position in this market. In the design engineering division, in which Oce is a world specialist, turover grew 5 pr cent to Fl 829m.

Oce sold its Helioprint company in Denmark at the end of 1984. Helioprint manufactures and sells reproduction cameras. Oce intends to take a 25 per cent stake in BSO Beheer of Utrecht, a software company, in an effort to enhance its office automatisation endeavours.

Rights issue for Andelsbanken

ANDELSBANKEN, Denmark's fourth largest commercial bank, has reported a 38 per cent increase in earnings before depreciation and provisions from DKr 262m to DKr 362m ($31.5m), writes *Hilary Barnes*

The board proposed an unchanged 14 per cent dividend and a one-for-four rights issue to raise DKr 224m.

The bank's net result was down from DKr 518m to DKr 127m.

2ND MARCH 1985 REDEMPTION

PROVINCE OF NEWFOUNDLAND

U.S. $20,000,000 8½% Bonds 1986

DRAWING OF BONDS

Notice is hereby given that a drawing of bonds of the above loan took place on 22nd January 1985 attended by Mr. William Brignall Kennair of the firm of John Venn & Sons, Notary Public, when 2,000 bonds for a total of U.S. $2,000,000 nominal capital were drawn for redemption at par on 2nd March 1985, *from which date all interest thereon will cease.*

The nominal amount of this loan remaining outstanding after 2nd March 1985 will be U.S. $2,000,000.

The following are the numbers of the bonds drawn:

46	48	49	50	207	213	217	219	220	506	510	518	519	523	528	529	541	548	551	553
558	562	569	570	573	575	576	577	579	580	586	588	589	598	612	614	628	631	633	653
670	671	677	681	683	724	728	746	753	754	783	815	837	848	849	854	856	858	860	862
864	866	876	877	899	905	915	931	969	1067	1203	1214	1226	1234	1252	1253	1257	1283	1284	1290
1292	1294	1298	1303	1323	1324	1328	1332	1333	1337	1361	1390	1393	1394	1446	1449	1507	1511	1530	1534
1553	1556	1573	1589	1591	1599	1606	1608	1622	1624	1651	1655	1663	1664	1709	1712	1715	1716	1717	1726
1729	1805	1819	1824	1826	1828	1829	1835	1891	1975	1980	1982	2084	2087	2093	2096	2103	2116	2122	2123
2124	2130	2139	2164	2180	2189	2193	2201	2204	2218	2230	2286	2320	2341	2347	2348	2366	2585	2597	2598
2609	2620	2622	2625	2628	2662	2673	2690	2698	2702	2704	2710	2728	2739	2746	2758	2762	2763	2770	2776
2789	2790	2796	2797	2800	2801	2804	2805	2807	2809	2810	2811	2813	2816	2818	2821	2822	2827	2833	2837
2839	2842	2860	2861	2865	2873	2876	2878	2880	2881	2888	2913	2918	2923	2956	2957	2970	2974	2975	2977
2980	2996	2997	3004	3006	3009	3013	3016	3022	3059	3060	3070	3076	3077	3079	3083	3099	3101	3114	3116
3135	3147	3148	3149	3161	3163	3168	3187	3206	3211	3229	3235	3253	3259	3260	3277	3281	3293	3298	3307
3309	3320	3325	3334	3338	3398	3413	3415	3421	3470	3479	3480	3493	3547	3551	3555	3576	3582	3585	3594
3603	3611	3612	3624	3637	3645	3653	3668	3677	3685	3691	3698	3702	3719	3743	3761	3764	3766	3771	3779
3791	3796	3797	3807	3809	3844	3846	3858	3917	3919	3922	3967	3989	4021	4074	4076	4086	4088	4095	4115
4145	4147	4150	4152	4158	4164	4213	4272	4273	4274	4281	4291	4356	4357	4375	4377	4391	4392	4394	4399
4402	4403	4404	4416	4421	4427	4430	4433	4439	4446	4477	4482	4486	4546	4558	4572	4580	4608	4610	4615
4621	4645	4650	4651	4657	4660	4661	4667	4671	4673	4684	4698	4730	4740	4749	4751	4762	4772	4774	4780
4782	4788	4794	4801	4821	4826	4827	4846	4849	4852	4858	4868	4871	4907	4909	4915	4919	4925	4927	4947
4952	4957	4961	4962	4963	4969	4970	4994	5001	5012	5032	5039	5051	5073	5074	5075	5081	5085	5087	5108
5121	5138	5141	5157	5173	5175	5177	5185	5200	5203	5205	5231	5237	5264	5283	5312	5322	5323	5334	5351
5358	5359	5360	5366	5378	5385	5389	5503	5505	5511	5515	5516	5517	5531	5533	5534	5545	5549	5553	5569
5576	5600	5602	5621	5629	5630	5661	5677	5690	5692	5699	5705	5707	5712	5714	5739	5740	5742	5749	5764
5790	5791	5809	5814	5830	5835	5856	5861	5869	5879	5876	5877	5891	5896	5898	5900	5903	5906	5929	5934
5938	5946	5947	5953	5956	5964	5976	5977	5996	6013	6019	6026	6050	6055	6057	6058	6081	6094	6099	6100
6106	6108	6110	6118	6128	6138	6142	6143	6145	6153	6157	6159	6160	6161	6163	6169	6174	6175	6190	6195
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6364	6376	6383	6386	6396	6410	6411	6445	6448	6451	6452	6455	6475	6480	6494	6521	6524	6548	6560	6588
6597	6599	6600	6604	6609	6610	6624	6639	6643	6648	6653	6674	6677	6680	6721	6764	6765	6770	6780	6792
6802	6807	6816	6818	6828	6831	6840	6847	6850	6861	6866	6868	6876	6879	6882	6888	6905	6913	6914	6926
6989	6992	6993	7025	7029	7035	7044	7048	7053	7066	7079	7081	7087	7093	7099	7101	7108	7114	7161	7164
7171	7184	7191	7201	7205	7208	7210	7214	7230	7235	7248	7255	7267	7269	7271	7278	7284	7306	7307	7326
7327	7333	7342	7349	7354	7359	7360	7373	7374	7383	7395	7396	7397	7399	7406	7409	7420	7421	7433	7434
7435	7437	7442	7452	7466	7469	7474	7478	7480	7486	7489	7496	7511	7519	7521	7531	7536	7539	7550	7564
7567	7574	7585	7590	7601	7611	7619	7627	7638	7649	7651	7652	7657	7673	7677	7680	7694	7703	7707	7712
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8094	8096	8117	8122	8124	8125	8135	8151	8153	8206	8207	8210	8220	8258	8392	8397	8413	8416	8429	8435
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11150	11155	11159	11165	11170	11173	11174	11176	11188	11196	11202	11235	11246	11259	11271	11273	11361	11366	11376	11379
11385	11386	11390	11393	11397	11398	11404	11407	11414	11416	11430	11434	11435	11440	11441	11451	11455	11456	11457	11465
11475	11479	11486	11489	11490	11502	11504	11528	11530	11531	11536	11549	11550	11604	11605	11642	11646	11649	11659	11664
11670	11673	11738	11774	11777	11792	11797	11812	11813	11815	11848	11851	11853	11858	11864	11869	11871	11881	12070	12075
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13074	13075	13079	13087	13092	13100	13105	13110	13113	13114	13118	13122	13131	13151	13159	13160	13161	13171	13172	13176
13178	13190	13235	13244	13246	13249	13250	13254	13268	13274	13278	13279	13283	13286	13291	13292	13295	13319	13324	13359
13365	13370	13378	13381	13395	13415	13417	13422	13436	13444	13447	13458	13463	13467	13473	13481	13484	13490	13492	13496
13501	13525	13527	13550	13554	13566	13568	13572	13581	13622	13626	13628	13629	13631	13636	13650	13651	13652	13655	13658
13660	13664	13668	13672	13697	13698	13701	13718	13719	13725	13731	13741	13767	13769	13780	13784	13794	13806	13807	13810
13822	13826	13841	13842	13846	13851	13899	13917	13923	13925	13928	13942	13945	13962	13970	13974	13979	13994	13995	13999
14000	14020	14024	14037	14042	14056	14063	14064	14069	14073	14089	14092	14097	14101	14104	14110	14114	14117	14118	14121
14125	14132	14145	14147	14151	14162	14163	14168	14172	14178	14193	14209	14220	14229	14233	14242	14246	14247	14255	14256
14261	14269	14277	14293	14294	14308	14311	14312	14321	14323	14326	14334	14348	14360	14372	14377	14385	14453	14455	14462
14468	14469	14474	14485	14496	14500	14503	14512	14525	14532	14543	14545	14547	14549	14554	14561	14567	14590	14593	14594
14601	14605	14622	14628	14639	14645	14656	14664	14668	14671	14673	14679	14683	14687	14702	14708	14723	14732	14733	14744
14745	14749	14752	14757	14758	14759	14765	14781	14789	14797	14799	14802	14804	14806	14810	14812	14839	14860	14861	14868
14871	14888	14913	14924	14928	14945	14948	14953	14955	14976	14996	15006	15021	15035	15037	15053	15055	15056	15064	15074
15082	15090	15094	15115	15119	15130	15140	15142	15154	15155	15160	15164	15168	15196	15205	15243	15244	15245	15246	15251
15255	15256	15259	15265	15277	15297	15298	15301	15312	15315	15316	15318	15319	15320	15322	15329	15342	15348	15351	15353
15354	15358	15361	15372	15374	15376	15388	15390	15393	15405	15407	15409	15419	15424	15434	15438	15443	15446	15452	15454
15455	15463	15469	15483	15484	15495	15499	15501	15504	15513	15525	15570	15575	15580	15586	15600	15605	15611	15615	15618
15621	15640	15641	15644	15649	15651	15659	15662	15669	15674	15677	15678	15687	15690	15698	15699	15704	15711	15751	15756
15758	15760	15791	15796	15826	15832	15837	15873	15876	15878	15882	15896	15898	15901	15902	15906	15914	15915	15924	15925
15931	15933	15939	15951	15955	15988	15990	15999	16003	16004	16014	16018	16020	16021	16022	16041	16044	16046	16051	16052
16062	16063	16072	16073	16085	16105	16107	16167	16170	16175	16178	16179	16182	16213	16223	16228	16231	16232	16235	16249
16254	16271	16272	16278	16285	16294	16297	16300	16323	16326	16330	16333	16365	16367	16374	16380	16383	16387	16388	16391
16401	16405	16406	16410	16415	16423	16431	16441	16449	16455	16465	16467	16468	16471	16475	16477	16482	16500	16502	16518
16526	16528	16536	16537	16539	16544	16551	16552	16554	16558	16562	16563	16579	16584	16590	16597	16602	16615	16618	16624
16628	16629	16639	16643	16649	16663	16664	16667	16668	16669	16676	16680	16681	16692	16696	16710	16712	16718	16722	16727
16728	16729	16736	16738	16756	16762	16768	16771	16776	16791	16794	16807	16819	16824	16835	16839	16859	16868	16869	16872
16873	16888	16902	16917	16919	16923	16927	16955	16956	16958	16961	16973	17003	17011	17015	17022	17024	17031	17048	17049
17068	17070	17075	17097	17109	17133	17136	17151	17155	17203	17204	17222	17223	17229	17234	17346	17349	17351	17364	17371
17375	17378	17382	17389	17396	17400	17403	17405	17416	17421	17422	17424	17425	17440	17443	17444	17451	17456	17460	17468
17474	17482	17489	17497	17498	17510	17512	17528	17529	17544	17565	17597	17599	17603	17624	17630	17631	17640	17661	17663
17666	17680	17711	17724	17730	17735	17739	17750	17766	17772	17781	17785	17787	17790	17797	17805	17806	17816	17817	17819
17826	17841	17844	17850	17851	17852	17862	17869	17875	17879	17892	17897	17898	17910	17911	17915	17928	17930	17932	17938
17945	17949	17973	17976	17986	17992	17994	18006	18017	18019	18021	18022	18032	18033	18048	18056	18057	18058	18060	18070
18079	18114	18143	18150	18157	18173	18188	18193	18196	18199	18201	18215	18216	18218	18224	18227	18249	18264	18265	18267
18268	18269	18270	18271	18273	18279	18282	18294	18301	18302	18327	18328	18331	18334	18337	18346	18365	18378	18380	18381
18402	18412	18417	18420	18436	18437	18438	18441	18454	18465	18466	18467	18475	18489	18491	18492	18494	18498	18502	18505
18527	18536	18540	18543	18554	18559	18572	18582	18586	18593	18597	18615	18617	18618	18620	18624	18626	18631	18633	18647
18654	18665	18677	18690	18703	18714	18717	18731	18736	18743	18751	18753	18771	18786	18793	18806	18808	18810	18815	18818
18829	18858	18860	18871	18876	18878	18879	18886	18888	18895	18905	18907	18950	18955	19006	19007	19009	19044	19048	19055
19056	19077	19080	19088	19089	19100	19102	19111	19112	19114	19123	19124	19138	19139	19161	19169	19185	19194	19201	19203
19216	19217	19226	19236	19255	19266	19275	19279	19295	19308	19328	19332	19335	19347	19350	19360	19367	19380	19385	19388
19389	19393	19399	19403	19409	19418	19420	19425	19445	19451	19460	19461	19464	19469	19478	19481	19486	19489	19494	19505
19514	19520	19538	19561	19565	19576	19586	19607	19609	19611	19617	19620	19624	19628	19635	19639	19646	19660	19671	19680
19681	19705	19706	19730	19734	19735	19744	19751	19753	19766	19772	19785	19790	19794	19801	19802	19808	19812	19824	19841
19853	19856	19861	19864	19875	19878	19890	19898	19920	19933	19952	19971	19973	19978	19980	19981	19985	19989	19991	19996

Witness: W. B. Kennair, Notary Public.

The above bonds may be presented for redemption at par on or after 2nd March 1985 at the offices of the paying agents named on the coupons for payment in the manner specified in Condition 5 of the Terms and Conditions of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 2nd March 1986, otherwise the amount of the missing coupon will be deducted from the sum to be repaid.

Principal Paying Agent: N M Rothschild & Sons Limited New Court St Swithin's Lane London EC4P 4DU *8th February 1985*

U.S. $50,000,000

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

Floating rate notes due 1998

Unconditionally guaranteed by the Republic of France

In accordance with the conditions of the Notes, notice is hereby given that for the six-month period 11th February 1985 to 12th August 1985 (182 days) the notes will carry an interest rate of 9½% p.a. Relevant interest payments will be as follows:

Notes of US$1,000 US$48.03 per coupon

CREDIT LYONNAIS (London Branch)
Agent Bank

BASE LENDING RATES

A.B.N. Bank	14 %	C. Hoare & Co.	†14 %
Allied Irish Bank	14 %	Hong Kong & Shanghai	14 %
Henry Ansbacher	14 %	Johnson Matthey Bkrs.	14 %
Amro Bank	14 %	Knowsley & Co. Ltd.	14½%
Armco Trust Ltd.	14½%	Lloyds Bank	14 %
Associates Cap. Corp.	14 %	Edward Manson & Co.	14½%
Banco de Bilbao	14 %	Meghraj & Sons Ltd.	14 %
Bank Hapoalim	14 %	Midland Bank	14 %
BCCI	14 %	■ Morgan Grenfell	14 %
Bank of Ireland	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Cyprus	14 %	National Bk. of Kuwait	14 %
Bank of India	14 %	National Girobank	14 %
Bank of Scotland	14 %	National Westminster	14 %
Banque Belge Ltd.	14 %	Northern Bank Ltd.	14 %
Barclays Bank	14 %	Norwich Gen. Tst.	14 %
Beneficial Trust Ltd.	15 %	People's Tst. & Sv. Ltd.	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm't Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	13 %	Royal Trust Co. Canada	14 %
■ Charterhouse Japhet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons	14 %	Standard Chartered	14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	14 %	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	•14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		

■ Members of the Accepting Houses Committee.
• 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75% £10,000 12 months 12.00%.
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
§ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

PAN-HOLDING
Societe Anonyme
Luxembourg

As of January 31, 1985, the unconsolidated net asset value was US$158,864,328.40, i.e. US$226.95 per share of US$50 par value.

The consolidated net asset value per share amounted as of January 31, 1985, to US$231.72.

crédit foncier de france

Ecu 70,000,000

Guaranteed Floating Rate Notes of 1984/1994

For the three months from February 8, 1985 to May 8, 1985 the Notes will carry an interest rate of 10⅛% per annum. On May 8, 1985 interest of Ecu 260.94 will be due per Ecu 10,000 Note and Ecu 2,609.38 per Ecu 100,000 Note for Coupon No. 3.

Agent Bank: Deutsche Bank Compagnie Financière Luxembourg

Brasilvest S.A.

Net asset value as of 31st January, 1985

per Cr$ Share: 3,499.715

per Depositary Share: U.S.$9,009.61

per Depositary Share: (Second Series) U.S.$8,460.58

per Depositary Share: (Third Series) U.S.$7,200.05

per Depositary Share: (Fourth Series) U.S.$6,726.38

U.S. $60,000,000

Banamex

Banco Nacional de México, S.A.

Floating Rate Subordinated Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 8th February, 1985 to 8th August, 1985 the Notes will carry an Interest Rate of 9⅞% per annum and the Coupon Amount per U.S. $5,000 will be U.S. $235.68.

Credit Suisse First Boston Limited
Agent Bank

A SHIFT IN THE BALANCE OF POWER ON WALL STREET

The impact of The Equitable's acquisition of Donaldson, Lufkin & Jenrette (DLJ) is already being felt on Wall Street.

With a capital base of over $300 million and new muscle from The Equitable's $50 billion in assets, DLJ has emerged as the Street's new powerhouse.

When it set up shop in 1959—one of the few major investment houses to open in the last 30 years—DLJ had shallow pockets, with scarcely $100,000 to fill them. Today, DLJ has pockets deep enough to compete for Wall Street's biggest deals.

When they got together, The Equitable was looking for more than just Wall Street talent and DLJ was looking for more than just money. It was a marriage made in heaven. You couldn't find greater financial resources or greater skill in risk and asset management than at Equitable, and you couldn't find brigher entrepreneurs than at DLJ.

In an industry where the median age of the top 10 investment banking and brokerage firms is 75, the youthful 25 year-old DLJ seems quite comfortable with The New Entrepreneurialism. In fact, DLJ is one of its shining successes.

"With Equitable's formidable resources," comments a Wall Street analyst, "DLJ will be to the *new economy* what its predecessors have been to the *old*."

Today, DLJ and its Pershing Division (the nation's leader in providing sophisticated correspondent services to independent securities firms, banks and financial institutions) already participate in 15% of all trading done on the New York Stock Exchange.

As the number two broker on Wall Street, DLJ is pushing hard to move into first place. With The Equitable's additional financial clout, DLJ is now in a position to make a comparable run in the investment banking arena as well.

"When you're making major underwriting commitments or trading the big blocks of stocks and bonds," states Dudley Eppel, veteran Director of DLJ's equity trading, "all the talent and brains in the world don't matter unless you have the money. Now we have both. It's a whole new ballgame."

Few should take DLJ's challenge lightly. In an intensely competitive industry, DLJ's earnings have increased tenfold in the past six years, making it the only Wall Street firm to post 22 consecutive quarters of earnings increases.

"We don't want to be all things to all people," emphasizes a head of DLJ's new product development team. "We merely want to be all things to the professional marketplace. And we'll do it the way we always have—by offering innovative products to our clients." In fact, innovation has underwritten DLJ's success.

When DLJ first opened its doors, it set its sights on the institutional market, anticipating that market's potential long before the competition. In 1960, institutional investors accounted for less than 30% of all shares traded. Today they account for over 70%. Many believe DLJ had more than a little to do with it.

"They were astute at seeing change," says Professor Samuel Hayes of the Harvard Business School. "None of the other firms was set up to accommodate sophisticated portfolio managers. DLJ pioneered the long research report."

Anticipating change is DLJ's enduring talent.

In 1970, DLJ caused another shift in the balance of power on Wall Street, but of a different kind.

Seeing Wall Street undercapitalized, DLJ broke with tradition and went public. At first it was viewed as heresy, but soon many of its most vocal critics followed suit. Over the years, that revolution has brought billions of dollars in additional capital to Wall Street. That alone is sufficient to assure DLJ's place in financial history.

But history is something DLJ likes to make. Not be a part of. And uniting with The Equitable begins a whole new chapter.

DLJ

DLJ • Donaldson, Lufkin & Jenrette, Inc. • 140 Broadway, New York, New York 10005, (212) 902-2000 • An independently operated subsidiary of The Equitable Life Assurance Society of the United States

NOTICE OF REDEMPTION
BY
THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures Payable in lawful money of the United States of America
Of the Issue Authorized by
By-law Number 35 of 1975
U.S. $25,000,000 9½% Debentures 1990
Issued March 15, 1975
due March 15, 1990

Principal Amount Redeemable March 15, 1985 –	U.S. $3,038,000
Less: Credit of Principal Amount of debentures purchased and cancelled	U.S. $ 818,000
Balance of Principal Amount to be Redeemed	U.S. $2,220,000

THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

NOTICE IS HEREBY GIVEN that, pursuant to the requirements of authorizing by-law 35 of 1975, The Regional Municipality of Ottawa-Carleton is obliged to redeem and will redeem on March 15, 1985 Debentures in U.S. $1,000 denomination as per the numbers listed herein of the above-mentioned Debenture Issue at 100% of the principal amount of each Debenture plus accrued interest to the redemption date.

COUPON BEARING DEBENTURES TO BE REDEEMED IN FULL EACH IN THE DENOMINATION OF U.S. $1,000 AND BEARING THE FOLLOWING NUMBERS:

00024 00057 00079 00106 00129 00134 00211 00215 00226 00228 00237 00238 00255 00363 00370 00376 00385 00391 00402
00409 00436 00441 00442 00457 00463 00468 00469 00474 00479 00480 00501 00507 00514 00523 00534 00541 00545
00547 00550 00552 00558 00561 00563 00569 00573 00574 00578 00583 00633 00634 00639 00644 00646 00651 00655 00656
00657 00668 00673 00677 00682 00684 00688 00689 00690 00693 00695 00699 00705 00712 00716 00739 00743 00744 00749
00750 00760 00786 00782 00783 00789 00792 00799 00805 00809 00820 00827 00831 00919 00921 00935 00937 00942 01049
01047 01069 01080 01095 01096 01102 01124 01128 01130 01139 01144 01145 01146 01150 01157 01161 01168 01183 01185
01188 01189 01234 01293 01295 01298 01300 01305 01420 01421 01427 01436 01437 01441 01454 01482 01515 01548 01557
01559 01564 01568 01569 01612 01614 01634 01636 01639 01684 01690 01740 01748 01971 01938 02211 02212 02215 02247
02234 02235 02239 02246 02255 02261 02266 02279 02290 02306 02327 02360 02368 03170 03174 03175 03182 03207 03214
03220 03229 03235 03240 03241 03247 03252 03262 03264 03273 03291 03295 03319 03324 03379 03416 03429 03433 03443
03467 03479 03483 03488 03494 03747 03748 03753 03757 03764 03768 03773 03780 03966 03984 03999 04006 04012 04017
04027 04032 04055 04061 04076 04077 04087 04103 04104 04109 04114 04164 04170 04171 04180 04188 04219
04224 04226 04235 04237 04247 04249 04258 04259 04263 04274 04279 04282 04296 04302 04309 04318 04340 04347 04352
04353 04367 04369 04374 04384 04402 04406 04439 04445 04446 04468 04472 04494 04501 04506 04523 04536 04545 04556
04561 04567 04572 04578 04587 04593 04595 04604 04615 04626 04648 04649 04669 04670 04677 04682 04688 04692
04693 04694 04699 04703 04710 04725 04732 04754 04758 04763 04765 04769 04779 04780 04786 04797 04791 04792 04802
04808 04814 04819 04825 04829 04835 04846 04853 04857 04864 04879 04881 04886 04895 04903 04917 04941 04945 04952
04967 04969 04979 04985 04989 05017 05022 05028 05029 05033 05044 05055 05057 05062 05066 05084 05095 05099 05101
05104 05106 05112 05117 05121 05132 05148 05154 05165 05171 05176 05183 05198 05204 05209 05219 05220 05225 05231
05233 05265 05269 05271 05277 05282 05286 05288 05298 05315 05326 05330 05337 05342 05343 05347 05352 05354 05380
05381 05385 05391 05396 05402 05407 05412 05414 05419 05463 05464 05469 05474 05475 05491 05497 05500 05501 05506
05512 05519 05523 05524 05528 05550 05557 05561 05563 05567 05574 05590 05595 05599 05601 05605 05610 05612 05622
05623 05629 05632 05639 05640 05645 05650 05711 05715 05722 05748 05750 05754 05755 05760 05764 05765 05766 05771
05777 05791 05792 05793 05808 05809 05816 05821 05825 05826 05831 05837 05843 05852 05854 05858 05860 05865 05874
05875 05876 05880 05891 05893 05902 05903 05904 05920 05924 05925 05931 05935 05936 05942 05958 05963 05968 05970
05975 05979 05980 05981 05986 06001 06017 06019 06023 06039 06056 06063 06067 06100 06107 06113 06133 06140 06144
08149 06151 06167 06184 06188 06190 06199 06210 06228 06244 06248 06250 06261 06265 06283 06287 06292 06294 06298
06309 06314 06327 06338 06348 06371 06393 06398 06404 06408 06415 06426 06442 06448 06454 06459 06463 06476 06481
06501 06503 06529 06535 06551 06558 06562 06578 06580 06584 06595 06602 06611 06617 06619 06624 06629 06646 06650
06651 06661 06662 06666 06668 06727 06728 06732 06738 06739 06749 06756 06761 06776 06789 06793 06800 06804 06805
06816 06822 06827 06837 06844 06848 06855 06865 06870 06882 06887 06892 06910 06925 06927 06931 06936 06937 06947
06948 06953 06954 06958 06959 06970 07003 07009 07024 07046 07057 07070 07074 07079 07086 07090 07096 07097 07101
07123 07125 07134 07135 07136 07139 07140 07141 07146 07163 07167 07169 07174 07189 07196 07200 07207 07222
07229 07246 07255 07260 07266 07267 07282 07284 07288 07293 07299 07329 07333 07354 07355 07361 07370 07376 07378
07383 07388 07389 07410 07416 07426 07432 07453 07454 07455 07458 07460 07464 07465 07466 07470 07475 07476 07486
07491 07492 07497 07499 07508 07515 07521 07526 07531 07548 07557 07563 07579 07581 07585 07598 07601 07607 07608
07614 07618 07624 07636 07647 07656 07657 07662 07663 07673 07684 07696 07697 07702 07706 07717 07738 07739 07756
07761 07763 07768 07783 07906 07807 07912 07927 07843 07844 07845 07867 07888 07893 07904 07911 07915 07937 07939
07944 07949 07950 07955 07960 07966 07977 07999 08004 08008 08014 08015 08019 08030 08032 08041 08043 08047 08048
08060 08069 08076 08086 08087 08093 08096 08107 08114 08124 08130 08137 08142 08146 08151 08170 08432 08433 08438
08439 08450 08455 08456 08459 08487 08488 08494 08498 08505 08509 08514 08516 08516 08527 08531 08542 08548 08549
08559 08564 08576 08580 08586 08593 08597 08625 08626 08637 08641 08642 08648 08659 08663 08669 08670 08674 08675
08676 08685 08686 08692 08696 08701 08703 08707 08708 08709 08725 08729 08747 08761 08752 08753 08762 08767 08768
08784 08786 06790 08801 08813 08817 08819 08822 08828 08830 08839 08846 08861 08872 08879 08888 08901 08905 08921
08938 08943 08949 08955 08956 08960 08967 08973 08976 08982 08988 08989 08993 09004 09015 09017 09081 09083 09088
09098 09104 09109 09164 09169 09176 09180 09181 09186 09187 09191 09192 09197 09202 09208 09214 09235 09242 09246
09247 09253 09264 09268 09270 09276 09279 09281 09290 09295 09301 09314 09323 09324 09325 09334 09336 09340 09345
09356 09367 09372 09385 09389 09391 09411 09422 09429 09433 09438 09451 09457 09466 09472 09479 09484 09488 09490
09499 09500 09506 09517 09522 09523 09532 09539 09543 09548 09550 09579 09577 09583 09587 09588 09589 09594 09598
09600 09605 09609 09620 09631 09638 09654 09660 09664 09671 09682 09686 09687 09693 09697 09713 09715 09720 09732
09741 09742 09792 09796 09801 09802 09803 09813 09819 09820 09825 09840 09853 09869 09873 09878 09879 09895 09902
09917 09918 09924 09945 09955 09963 09966 09974 09983 09994 10005 10005 10007 10016 10023 10038 10039 10045 10049
10054 10060 10062 10066 10071 10073 10079 10082 10089 10093 10104 10106 10110 10111 10122 10137 10143 10144 10191
10199 10203 10214 10221 10225 10227 10243 10248 10258 10263 10265 10269 10271 10276 10282 10298 10302 10307 10809
10313 10324 10331 10347 10348 10353 10370 10375 10379 10386 10396 10412 10430 10434 10435 10436 10445 10447 10452
10456 10472 10474 10489 10490 10496 10500 10507 10519 10522 10528 10566 10567 10568 10572 10573 10577 10579 10599
10606 10610 10611 10612 10616 10617 10621 10639 10650 10654 10655 10671 10672 10694 10703 10709 10716 10727 10738
10742 10743 10744 10747 10748 10753 10865 10874 10881 10885 10892 10896 10903 10907 10919 10923 10925 10931
10962 10964 10968 10975 10989 10991 10996 11052 11068 11116 11272 11281 11282 11393 11294 11297 11299 11672 11683
11699 11700 11704 11710 11794 11798 11800 11809 11822 11827 11831 11838 11849 11863 11864 11875 11876 11887
11888 11903 11981 11990 11992 12002 12003 12007 12009 12035 12036 12042 12047 12052 12053 12057 12058 12062 12080
12084 12091 12095 12101 12102 12106 12107 12108 12117 12124 12139 12150 12157 12191 12162 12166 12172 12173 12174
12179 12183 12196 12200 12205 12212 12216 12317 12320 12328 12331 12337 12343 12359 12497 12502 12507 12513 12530
12541 12546 12553 12557 12569 12579 12584 12590 12591 12596 12608 12612 12623 12630 12712 12722 12723 12733 12739
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12898 12904 12906 12916 12922 12926 12932 12938 12960 12964 12971 12975 12986 12993 13008 13019 13024 13046 13047
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24756 24767 24774 24883 24894 24910 24918 24923 24932 24933 24937 24954 24959 24960 24972 24981

The Debentures to be so redeemed will become due and payable and will be paid in lawful money of the United States of America upon presentation and surrender of the Debentures, accompanied by all interest coupons appertaining thereto maturing after March 15, 1985, bearing the numbers listed herein at the office of The Bank of Nova Scotia Trust Company of New York, 67 Wall Street, New York, N.Y. 10005, U.S.A., or at the option of the holder, at the offices of the following paying agents specified on the Debentures and also the Bank of Bermuda.

The Bank of Nova Scotia,
33, Finsbury Square,
London, EC2A 1BB.

The Bank of Nova Scotia,
30/32 Westblaak,
3002 Rotterdam.

The Bank of Nova Scotia,
66 Boulevard de l'Impératrice,
B-1000, Brussels.

Kredietbank S.A. Luxembourgeoise,
37 rue Notre Dame,
Luxembourg.

The Bank of Nova Scotia,
4 Friedensstrasse,
D-6000 Frankfurt am Main.

Bank of Bermuda,
Front Street,
Hamilton 5-31, Bermuda.

The interest coupons maturing on March 15, 1985 should be detached from the Debentures before presentation and should be cashed by the holder in the usual manner. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after March 15, 1985, the amount of the missing unmatured coupons will be deducted from the principal amount due for payment.

NOTICE IS ALSO HEREBY GIVEN that, in accordance with the terms and conditions stated on the Debentures, all interest on the Debentures so redeemed shall cease to accrue from and after the 15th day of March, 1985.

The following debentures previously called for redemption on March 15, 1984 are still outstanding and have not been presented for payment:

00253 00551 00650 00661 00694 01055 01232 01432 01440 01451 01452 01519 01682 01685 01696 04586 04600 04819 04698
04706 04719 04721 04820 04905 04907 04929 06062 06643 06544 06776 06754 07688 07690 07681 07699 07710 07724 07743
07745 07746 07766 07776 08877 08879 08887 08889 08912 08923 08945 08953 08976 08977 08986 12012 12014 14374 14532
14543 14544 14565 15476 19536 24519 24521 24530 24553 24554 24563 24574 24596 24609 24640 24661 24674 24675 24685
24719 24730 24741 24749 24773 24928

Dated this 8th day of February, 1985.
J. C. LeBelle, *Treasurer*

INTL. COMPANIES & FINANCE

Union Enterprises urges rejection of Unicorp bid

BY BERNARD SIMON IN TORONTO

UNION ENTERPRISES, which controls one of Ontario's largest gas utilities, is fiercely contesting a C$400m (U.S.$300m) takeover bid by Unicorp Canada, an aggressive but much smaller Toronto-based real estate and financial services company.

In full-page newspaper advertisements yesterday, Union urged shareholders to reject last week's Unicorp offer. Union has also asked the Ontario Securities Commission to investigate whether the bid complies with provincial securities laws.

Unicorp, controlled by Mr George Mann, the colourful Toronto entrepreneur, announced last week that it had bought 13.8 per cent of Union's shares on the open market for almost C$80m. It has offered a combination of Unicorp preferred shares and warrants for non-voting common shares to other Union shareholders. Union's largest shareholder, Great Lakes group (controlled by the Toronto branch of the Bronfman family) has already accepted the offer. Great Lakes holds a 16.3 per cent interest in Union, giving Unicorp a total holding of 30 per cent.

Besides objecting to the terms of the offer, Union has criticised Unicorp's business strategy, observing that shareholders' investment in Unicorp will be "significantly different in character and nature" from their stake in Union Enterprises.

Unicorp's assets currently total less than C$480m, compared to Union's C$1.5bn, but the company has grown rapidly since its formation six years ago. By contrast, Union is a long-established, conservative company headed by a former member of the provincial cabinet, Mr D'Arcy McKeough. Union is said to be looking for a white knight to outbid Unicorp.

Union Enterprises' main subsidiaries are Union Gas, which supplies gas to the industrial belt of south-western Ontario, and Precambrian Shield Resources, a Calgary-based energy exploration and development company.

Union has indicated that among its objections to the Ontario Securities Commission will be an argument that Unicorp's share offer does not match the cash paid for purchases on the open market.

NZI pays A$130m for Armco offshoot

SYDNEY — NZI Finance Corporation, a wholly-owned subsidiary of New Zealand based NZI Corporation, is to pay A$130m [illegible] for Armco of the U.S.'s [illegible] commercial finance [illegible] Armco Australia Finance Corporation.

NZI said in [illegible] NZI Finance had [illegible] subject to [illegible] Investment [illegible] approval. Armco [illegible] day that the [illegible] clinched.

AP-DJ

National Commercial Bank

THE FIGURES given for the results of National Commercial Bank of Saudi Arabia in the Financial Times of February 1 were incorrect. Net profits fell by 8.2 per cent to SR 499.4m ($139.4m) in the year ended September 25. In the previous year earnings were SR 544.3m.

The fall in earnings came despite a rise in operating profits by SR 232m to SR 1.28bn. The main reasons for the contrary earnings move were the increased burden of provisions (up SR 53m to SR 425m) and depreciation charges (up SR 44m to SR 335m).

Capital plus reserves at the bank, the largest privately owned financial institution in the country, rose to SR 3.2bn from SR 2.8bn.

Record year for Hindustan Aluminium

BY R. C. MURTHY IN BOMBAY

HINDUSTAN Aluminium Corporation (Hindalco), a member of the Birla group, has broken all records in production, sales and profits. Mr Aditya Vikram Birla, the chairman, says 1984 was the "best ever" year.

Profits before tax rose to Rs 163.6m ($13m) from Rs 96.7m in 1983 on sales up by 36.25 per cent to Rs 2.85bn. Profits after tax trebled to Rs 65.23m from Rs 19.52m and the dividend was raised to 13.5 per cent from 10 per cent.

Mr Birla says profits would have been higher had the government allowed the free play of market forces. A complex retention price scheme for aluminium is in force in India enabling each producer to get a price fixed on cost plus basis. This amounts to penalising efficiency, says Mr Birla. He suggests the introduction of a differential excise duty favouring new units where capital costs are high.

Hindalco plans to invest Rs 1bn over the next three years on expansion and modernisation. A new plant is to be established to double alumina production to 300,000 tonnes a year by early 1986 and to create adequate captive alumina capacity to support 150,000 tonnes of aluminium production.

The company is setting up a 70 megawatt power plant to augment captive power and make Hindalco self-sufficient. It will produce 140,000 tonnes of aluminium this year lifting sales to nearly Rs 3.25bn.

● Poor demand for textiles has cut into the profit margins of Bombay Dyeing and Manufacturing Company, a major textile exporter. Turnover rose to Rs 1.21bn in the year to September 1984 from Rs 1.07bn in the previous year. But pre-tax profits declined by 42.37 per cent to Rs 55.8m.

German trading body to fight Cartel action

BY JOHN DAVIES IN FRANKFURT

SELEX & TANIA (S&T), the West German retail and wholesale trading association, has declared that it is prepared to fight the Cartel Office in the courts for the right to carry on its operations.

The Cartel Office has signalled its intention to take action against S&T as an indication of concern about the trend towards concentration in retail trading in West Germany. It believes that S&T should not continue in its present form or with its present membership and has given the group until March 25 to respond before issuing a directive.

S&T said it was convinced that its operations did not infringe West Germany's cartel regulations and were helping retailers to remain competitive. If necessary, it will also exercise the right of final appeal to the Economics Minister in Bonn to seek to overrule the Cartel Office.

S&T is an association of 103 retail and wholesale trading concerns, active mainly in northern Germany, with total sales revenue of about DM 8bn ($2.48bn) a year.

As part of their activities, the trading concerns pass on goods, which they have obtained from suppliers, to about 12,000 small independent food and general stores trading under a variety of names, including A&O, Ifa, Vivo, Vege, Gefra, Pfennigfuchs, Kathreiner, and Union. These retailers are also free to buy elsewhere.

S&T claims that it is helping small retailers to survive against the competition of nationwide chains such as Aldi, Co-op, Tengelmann, Rewe-Leibbrandt and Edeka.

It concedes that its members include some large trading houses, but says they have only a fraction of the market power of the nationwide chains.

S&T estimates that a court challenge to the Cartel Office might last two to three years and, in the meantime, it has no intention of altering its activities.

Coinciding with its move on S&T, the Cartel Office said it would examine other similar associations. While it approves of small traders joining forces to obtain supplies, it is reluctant to see large concerns involved, for fear they could exercise too much power in relation to their suppliers, and so strengthen their market position.

Professor Wolfgang Kartte, the head of the Cartel Office, has frequently voiced concern at trends towards concentration in retailing, including retail mergers and joint activities.

● The Cartel Office has sent a letter to Philips formally charging the Dutch electrical group with withholding information about its shareholdings in Loewe Opta. The letter indicates the Cartel Office is giving Philips a last chance to explain its unreported majority stake in Loewe Opta before it levies a fine.

Apple chief turns to home video

By Paul Taylor in New York

THE co-founder of Apple Computer, Mr Stephen Wozniak, who is credited with developing the U.S. company's first computer, the Apple II, in a California garage, is leaving to launch a home video venture.

Mr Wozniak founded Apple in 1976 with Mr Steven Jobs. He said he plans to finance the new venture himself but gave few details of what it will be, other than saying that it will "be based around the use of video in the living room and will not replace anything that already exists."

Mr Wozniak, who is thought to have become increasingly frustrated with his role at Apple in recent months, will remain on the company's payroll as a consultant even after he relinquishes his daily responsibilities as an engineer.

This is the second time Mr Wozniak has severed his ties with the company. He left Apple between 1981 and 1983, during which time Mr Jobs, as chairman, and Mr John Sculley, now president, began expanding Apple into one of the industry's largest companies, with annual sales of more than $1.5bn in the latest fiscal year.

Mr Wozniak, who will take with him two other senior Apple engineers, leaves with a personal fortune estimated at almost $100m.

Georgia Pacific lifts pre-tax income 56%

By William Hall in New York

GEORGIA-Pacific, the big U.S. forest products group, increased its pre-tax income from continuing operations by 56 per cent to $371m in 1984. But after a sharply higher tax charge and a $160m fourth-quarter provision, its net income was just $14m ahead at $119m.

Mr T. Marshall Hahn, Georgia-Pacific's chairman, says the company, which posted sales of $6.7bn last year, "performed well in very competitive markets in 1984." Operating profits from building products rose by $25m to $379m in 1984, despite soft prices for plywood and lumber.

The group's pulp and paper business reported operating profits of $262m, sharply up from $79m in 1983.

N. AMERICAN QUARTERLY RESULTS

Company	Fourth quarter	1984	1983
CAPITAL CITIES COMMS. Broadcasting, publishing, cable	Revenue / Net profits / Net per share	[illegible]	[illegible]
FORT HOWARD PAPER Paper towels	Revenue / Net profits / Net per share	[illegible]	[illegible]
MCI COMMUNICATIONS Telecommunications service	Revenue / Net profits / Net per share	[illegible]	[illegible]
CONTINENTAL AIRLINES Controlled by Texas Air	Revenue / Net profits / Net per share	[illegible]	[illegible]
KNIGHT-RIDDER NEWSPAPERS Newspaper, TV, books	Revenue / Net profits / Net per share	[illegible]	[illegible]
DANA Vehicle parts, industrial prods.	Revenue / Net profits / Net per share	[illegible]	[illegible]
GENSTAR	Revenue / Net profits / Net per share	[illegible]	[illegible]
PITNEY BOWES	Revenue / Net profits / Net per share	[illegible]	[illegible]
GT. NORTHERN NEKOOSA	Revenue / Net profits / Net per share	[illegible]	[illegible]
DOFASCO Steel producer	Revenue / Net profits / Net per share	[illegible]	[illegible]
ROADWAY SERVICES	Revenue / Net profits / Net per share	[illegible]	[illegible]
EATON CORPORATION	Revenue / Net profits / Net per share	[illegible]	[illegible]
G. HEILEMAN BREWING	Revenue / Net profits / Net per share	[illegible]	[illegible]
TRANSCANADA PIPELINES Natural gas transmission	Revenue / Net profits / Net per share	[illegible]	[illegible]
INT'L FLAVORS & FRAGRANCES	Revenue / Net profits / Net per share	[illegible]	[illegible]
EMERSON ELECTRIC Electrical, electronic products	Revenue / Net profits / Net per share	[illegible]	[illegible]
LONE STAR INDUSTRIES Cement, concrete	Revenue / Net profits / Net per share	[illegible]	[illegible]
FIRST BOSTON Securities dealer	Revenue / Net profits / Net per share	[illegible]	[illegible]
UNITED TELECOMMS.	Revenue / Net profits / Net per share	[illegible]	[illegible]

Edwardes has his initial confrontation with holders

BY CHARLES BATCHELOR

SIR MICHAEL EDWARDES, chairman of Dunlop, will today face his shareholders for the first time since he took over the leadership of the debt-laden tyre and rubber products company in November.

Sir Michael's decision to postpone a vote on the £142m refinancing package to a later meeting, when Dunlop will have readied its defences against the £33m takeover bid from BTR, is expected to take much of the steam out of the encounter.

But he will explain to shareholders, including BTR, with its 28 per cent stake in Dunlop's preference shares, how far the reconstruction of Dunlop has progressed. However, it is unclear what detail, if any, he will give of the company's performance in 1984 and prospects for 1985.

Two of Dunlop's most persistent critics, Professor Robert Pritchard, leader of the Dunlop Shareholders' Association, and Mr Ron Haave, a U.S. investment adviser, will attend the meeting. Together they represent a 7 per cent stake in Dunlop's capital.

Professor Pritchard said: "If it seems appropriate, we will stress our concern that the company has been talked down for months. It has taken the BTR bid to reveal how false that is. We want to ensure that the owners of the company—the shareholders—are involved in the argument about the refinancing.

"It is a low-key meeting we don't want to create a disturbance though we may call for more information. We are moving to support the board of Dunlop but we don't want to be sold off cheaply, either to Dunlop's banks and the institutions or to BTR."

DUNLOP

Dunlop's shares rose 1p yesterday to 37p while BTR fell 3p to 669p.

One potential obstacle to the BTR bid was removed yesterday when Mr Norman Tebbit, Trade Secretary, decided against referring the bid to the Monopolies and Mergers Commission. This had not been seen as a serious small overlap in the two companies' activities.

In a seperate move, the Dunlop board yesterday approved a programme to invest in four product areas which the company sees as having major growth potential.

The company will spend £16m on expanding its Grimsby-based operation making high pressure flexible pipe for use offshore; £6m on modernising its Coventry steel wheel plant and still-to-be-determined sums on medical products and on expanding production capacity for the Max200G tennis racket, endorsed by John McEnroe.

Eurocom takes 10% in Geers Gross

Eurocom, a French advertising holding company, has agreed to pay £2.64m for a 10 per cent stake in Geers Gross, in a link-up intended to broaden the international client base of both groups.

The UK agency, subject to the approval of its own shareholders, plans to issue 1.55m new shares to Eurocom at 170p. Geers Gross shares jumped 16p on the London Stock Exchange yesterday to match this level.

Eurocom is to waive the voting rights on its Geers Gross shares. The rights will be assigned to Mr Robert Gross, chief executive and principal shareholder in Geers Gross, under a 10-year agreement.

Mr Charles Hoare, the Geers Gross chairman, said yesterday the retention of the voting power within the company had been a requirement of the deal.

"Eurocom is really looking at this as a business partnership, and we did not want it to look like the basis of a future acquisition."

He said Geers Gross, which has substantial operations in the U.S. as well as the UK, had been seeking a way into the Continental European advertising market. Eurocom was the market leader there, "but it has no position of any significance in our two major markets."

Geers Gross last year undertook a restructure of its U.S. business, which had encountered setbacks after an initial few years of rapid growth.

Mr Hoare said the U.S. division accounted for more than half group turnover, and Geers Gross was thus able to provide Eurocom with both a London and New York presence.

He added that Eurocom had important links with Havas, the French state-controlled advertising and communications group, and offered a range of prestige clients such as Peugeot and Air France.

Hill Samuel receives £17m in restructure of Australian side

Hill Samuel, the London merchant bank, announced yesterday that it will receive A$24.2m (£17m) in cash under the restructuring plans that will turn its wholly-owned Australian subsidiary into a new licensed trading bank in which it will have a minority interest.

Under the deal, first announced last April, Hill Samuel Australia is to be replaced by Macquarie Bank, in which the UK parent will have 9.9 per cent of voting shares. In addition it will subscribe for non-voting shares, bringing its holding to slightly less than 30 per cent of the total shares.

The group will exchange its investment in Hill Samuel Australia for share capital with an initial valuation of A$25.9m and A$24.2m in cash. At January 31, Hill Samuel Australia's net assets were A$50m.

For the year to March 31, 1984, the profit from the Australian operations consolidated into Hill Samuel's merchant banking results was £3.6m.

The restructuring comes against a background of sweeping changes in the Australian financial services industry which is expected to lead to the creation of a number of new licenses trading banks.

A total of 80 per cent of Macquarie's voting shares will be held by 12 Australian financial institutions, and the bank will have shareholders' funds of A$50m.

Hill Samuel said the cash received from the deal would supplement the free cash available to the group and its merchant banking subsidiary Hill Samuel and Co. The capital gain arising would be taken to Hill Samuel and Co.'s undisclosed reserves.

It was anticipated that the immediate impact on the disclosed net assets and earnings per share of the group would be immaterial. Hill Samuel said it believed the creation of the new bank would enable the group to take advantage of the opportunities offered by Australian deregulation while protecting itself from any erosion of the competitive position of unlicensed banking institutions in Australia.

Osborne and Little for USM

BY STEFAN WAGSTYL

Osborne and Little, maker of wallpaper and furnishing fabrics for upmarket homes, is coming to the USM with a valuation of £8.45m.

Sir Peter Osborne, chairman and managing director, and his brother-in-law Mr Antony Little, design director, who together founded the company in 1967, say that by going public they hope to win greater public awareness of the kind enjoyed by the USM-quoted Michael Peters design group.

Stockbroker Kitkat and Aitken is placing 1.6m shares, or 24 per cent of the equity, at 125p a share. Of these, 260,000 are new shares which are being offered to raise £195,000 net for the company.

Osborne and Little is forecasting pre-tax profits of not less than £735,000 for the year to the end of March, which on an estimated tax charge of 42 per cent, puts the shares on a prospective multiple of 19.8 times.

On a forecast net dividend of 2p, the yield at the placing price is 2.3 per cent.

The company grew slowly until 1981, when its fortunes were transformed following a decision to drop interior design work to concentrate on producing papers and fabrics. The company recovered from a £3,000 loss in the year to March 1981 on sales of £650,000 to pre-tax profit of £305,000 on sales of £2.1m last year. In the first half of the current year the company made £241,000 pre-tax.

The company says design skills are the key to its growth. It is adding a range of bedlinen to its papers and furnishings this year. It is also building up a business in special commissions, among them one for Marks and Spencer.

Sir Peter and Mr Little will each retain just over 30 per cent of the equity after the placing, joining the USM's list of paper millionaires. The only outside investor is Sir Peter's half-brother Mr John Aspinall, the casino operator and zookeeper, who backed the company with £1,000 in 1967. His 5.7 per cent stake is now worth £731,000.

MINING NEWS

Phelps-Dodge incurs heavy loss after asset write-downs

BY KENNETH MARSTON, MINING EDITOR

ANOTHER U.S. natural resource major to announce a heavy loss for the fourth quarter of 1984 is the copper-producing Phelps Dodge. The loss of $217.6m (£195.8m), makes a total loss for the year of $257.3m, compared with a loss of $83.5m in 1983.

As in the case of Asarco, the bulk of the fourth quarter loss at Phelps has been made up of asset write-downs which, as forecast by the company, amount to $195m. They include $110m in charges for restructuring the company's continuing operations.

These charges reflect the writing-down of assets that are expected to be sold and of facilities made obsolete by economic reasons plus the costs of shutting down certain mining and smelting operations.

The $85m balance of write-downs result from the decision to dispose of the Western Nuclear subsidiary which has suffered from the termination of a long-term uranium supply contract and from weak spot prices for uranium.

Basically, of course, Phelps' troubles stem from the weakness of copper prices which averaged 61.3 cents per pound on the New York Commodity Exchange last year compared with 71.9 cents in 1983; they are currently around the 1984 average. Phelps is thus concentrating its efforts on further reducing production costs.

MINING NEWS IN BRIEF

Australia's FAI Investments has been directed by the Victorian Corporate Affairs Commission to withdraw its proposed take-over announcement for Southern Goldfields and start again.

Southern Goldfields director says that this is because of a breach of the Takeover Code and they consider the announcement to have been opportunistic. They say that shareholders need not make any decision on the FAI offer until five weeks after any new take-over announcement is made by the latter.

* * *

Higher operating costs and the lower gold price in terms of the Canadian dollar have led to a reduction in full-year profits from Giant Yellowknife Mines, one of Canada's leading producers. Net profits for 1984 came out at C$1.9m (£1.3m) or 44 cents a share, against 1983's C$4.2m or 96 cents. Sales revenues were $49.5m compared with $32.7m.

Giant Yellowknife said that depreciation and amortisation charges for its Salmita gold mine in the Northwest Territories had also affected the results.

* * *

The young Australian gold producer Central Kalgoorlie Gold Mines has moved to simplify its share structure through a capital reduction under which the present 50 cent shares will have a nominal value of 25 cents, and the 50 cent shares which are partly-paid to 20 cents will become 25 cent shares following a fall of 5 cents.

The directors of Central Kalgoorlie own more than 51 per cent of the company and will be paying some A$400,000 (£281,000) of the A$900,000 due on the partly-paid shares.

Central Kalgoorlie produced 1,832 ounces of gold in the fourth quarter of last year, according to the latest quarterly report.

* * *

The Zimbabwe Government's gold price support scheme has come to the aid of Falcon Mines, one of the country's leading producers. In the three months to the end of December last year, Falcon produced a profit on mining operations of Z$2.1m (£1.2m), giving rise to net profits for the third quarter of the financial year to March 31 of $2.01m, which compares with $1.2m in the September quarter.

This brought net profits for the year to date to $4.32m. Falcon made net profits of $5.32m for the whole of the year to March 31 1984.

Associates boost Flextech profits to £2m midway

BOOSTED BY a near £1m jump in associate companies' contribution, taxable profits of Flextech, which specialises in the development of energy related businesses and ventures, expanded from £836,000 to £2.03m for the six months ended November 30 1984.

The directors of this USM company say the substantial increase in the associates' share—up from £583,000 to £1.57m—was mainly attributed to Coflexip SA which lifted profits to £1.25m for the half year. This is against £332,000, which was after exceptional provisions of £295,000.

The overall outlook for Flextech is encouraging, directors state. Besides the good progress being made by related companies, the number of investment opportunities actively under consideration has increased and negotiations in respect of some of these are at an advanced stage.

For the whole of last year pre-tax profits totalled £1.55m (£1.18m) which included £960,000 (£991,000) from associates.

Operating profits for the six months amounted to £463,000 (£253,000) which included royalties receivable of £272,000 (£185,000) and interest receivable and other income £335,000 (£199,000), less operating expenses of £145,000, against £151,000.

Net profits were £1.18m (£453,000) after tax £849,000 (£383,000), giving earnings per 10p share of 8.54p, compared with 2.95p.

Coflexip's sales for the six months totalled Frs 599.9m (£52m) compared with Frs 438.8m for the corresponding period in the previous year. Pre-tax profits for the period totalled Frs 104m (£9.5m) against Frs 33.8m (after provisions of Frs 30m) for the same period in the previous year. During the first six months of 1984 Coflexip benefitted from the delivery of a number of large orders to Brazil and the Middle East.

Coflexip's sales continued at a high level during the second half of the year, although, as a mix of sales differed, it is not expected that the improved level of profitability in the first six months will be maintained. Coflexip did, however, successfully complete the contracts against which provisions were made in 1983.

The other associate, Exploration and Production Services (Holdings) (Expro) also made an increased contribution during the first half of £318,000, compared with £251,000.

Expro's sales during the first six months totalled £11.8m, or 20 per cent up from last year, while profits before tax totalled £1.16m (£908,000). It is too early to predict the outcome of Expro's earnings during the second half of this year, although sales remain at a high level, directors state.

Advanced Energy Dynamics (AED), in which the company has an 18 per cent holding, has been testing its full scale prototype coal cleaning plant at American Electric Power's power station in Ohio. After some promising results at the start of the testing programme, AED has encountered a number of difficulties which are not believed to be fundamental to the process, but which have delayed the completion of the testing programme by several months.

Nortech Surveys (Canada), in which the company holds a 17.7 per cent interest, continued to make losses in the first half of its financial year to January 1 1985. However, following a reorganisation of its business and a reduction in the level of overheads the situation has improved and for the four-month period to December 31 1984 Nortech was profitable.

In order to replenish working capital and to purchase additional equipment, Nortech is proposing to issue 800,000 8 per cent redeemable convertible preference shares at a price of C$1 each. Flextech has agreed to subscribe for 393,500 of these shares.

● comment

With a portfolio of unquoted investments in energy services, Flextech was always likely to be a rather unpredictable stock. It has certainly turned out that way: the shares fell sharply from their 1983 flotation price of 140p to below 80p, following news of a troublesome contract at the most important investment, Coflexip. Yesterday, the shares bounced back 21p to 89p as it became clear that Coflexip has recovered strongly on the back of new orders, and that Expro is maintaining margins in a difficult market. If these two companies perform up to expectations in the second half, Flextech could make £3m pre-tax, putting the shares on a p/e of about 9½, assuming a 40 per cent tax charge. Profits could go higher: especially if Nortech, a more recent investment, has genuinely put its losses behind it. Investors prepared to take a risk have in Flextech a volatile mix of high-technology, big contracts, and an unpredictable world oil market.

Grand Met ups chief's pay

Grand Metropolitan paid £231,954 "past service pension contributions in respect of a retiring director," the group's annual report discloses.

The group declined to identify the director or discuss the payment yesterday.

Mr Stanley Grinstead, the chairman, who was also the highest paid director, received an emolument of £144,284 excluding pension contributions, a rise of £33,146 on 1983.

Two other group employees received between £320,001 and £325,000, excluding pension contributions, although this was rather less than the £390,001 to £400,000 bracket that they were in last year. The sum is believed to be salary and commission to individuals linked to the group's casino operations.

Mr Grinstead, in his annual review, says: "I remain convinced that the group is moving in the right direction. The spread of our activities in the UK, the U.S. and other international markets makes us well placed to take advantage of opportunities for future growth.

"The breadth of our interests is a major asset and provides a flexible base from which to meet the new challenges of these difficult and rapidly changing times."

He said: "during the year we have again reviewed all aspects of our business in order to reaffirm that the strategy of diversification outside the UK is providing the anticipated potential for long term growth.

"Despite the significant growth in our trade overseas, this has not been at the expense of the proper development of our UK activities, in which we have invested net capital of more than £300m during the last four years.

"Further substantial funds will be allocated in 1985 to support the efficiency of our UK operations in order to enable the process of upgrading facilities and properties to be continued."

IBM (UK)

The UK subsidiary of International Business Machines of the U.S., the world's largest computer company, increased its turnover by 40 per cent last year to £2.35bn from £1.68bn in 1983, according to provisional results.

Exports rose by 58 per cent to £1.15bn from £745m. Much of the growth was due to sharply increased production of personal computers at IBM UK's plant in Greenock, near Glasgow, though sales of other products are also said to have performed well.

Pre-tax profits increased less strongly than turnover, rising 27 per cent to £326m (£255m). The company said that in the UK, sterling's fall against other European currencies reduced its margins.

The number of IBM employees in Britain rose by 1,380 to 17,506 last year. Its capital investment in Britain was £149m against £146m in 1983.

William Ransom

Improved pre-tax profits, up from £143,000 to £172,000, are reported by William Ransom and Son, manufacturing chemist, for the half-year to September 30 1984. The interim dividend is raised from 1.5p to 1.65p net—last year's total was 7.5p from pre-tax profits of £377,567.

First half turnover was up from £1.87m to £2.06m. There was a tax charge of £77,000 (£74,000), and stated earnings per 10p share improved from 4.57p to 6.27p.

BANK RETURN

	Wednesday February 6 1985	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	
Public Deposits	6,946,203,844	− 915,415,066
Bankers Deposits	846,334,060	− 136,111,969
Reserve and other Accounts	1,738,054,581	− 38,986,596
	9,547,544,595	− 1,090,511,509
Assets		
Government Securities	831,878,608	− 33,745,360
Advances & other Accounts	1,087,657,795	+ 16,889,481
Premises Equipment & other Secs.	4,933,877,001	− 996,786,556
Notes	5,630,564	+ 7,444,937
Coin	200,542	+ 22,184
	9,547,544,525	− 1,090,511,509
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	11,950,000,000	
In circulation	11,944,369,436	− 7,444,957
In Banking Department	5,630,564	+ 7,444,959
Assets		
Government Debt	11,015,100	
Other Government Securities	2,176,608,728	+ 949,048,077
Other Securities	9,762,583,174	− 949,048,077
	11,950,000,000	

Kean & Scott forecasts 82% rise in profits

By Alexander Nicoll

quoted home improvements subsidiary of the Hawley service industry group, yesterday forecast an 82 per cent increase in 1984 pre-tax profits to about £10m from £5.5m in 1983.

The company, headed by Mr Michael Ashcroft, the Hawley chairman, issued the forecast in a letter to shareholders explaining events since it acquired the troubled Moben kitchen group last year.

Several Moben subsidiaries, including Cold Shield, a double glazing company, the Wallguard damp-treatment company and Mulberry Home Extensions, have gone out of business since the Kean & Scott purchase.

Mr Michael Ashcroft, Hawley chairman

It said yesterday that costs of restructuring Moben have been substantial, but have been met out of the company's reserves.

Kean and Scott's financial position remains satisfactory, and trading at all its established divisions is up to expectations, it said.

The receiverships of Moben subsidiaries aroused controversy because Kean and Scott said it was unable to assume their warranty agreements with customers.

Kean and Scott, 68 per cent owned by Hawley, had pre-tax profits of £4.13m in the first half of 1984 against £1.44m in the first half of 1983. It includes Sharps Bedroom Design, Dolphin Showers, Alpine Double Glazing and Kitchens Direct.

Mid Wynd Intnl.

Net asset value per 25p share at Mid Wynd International Investment Trust was 173.1p at December 31 1984 compared with 145p at June 30 1984. The interim dividend is unchanged at 0.9p net, and earnings per share were down from 0.97p to 0.75p. The directors say they are hoping to pay an increased final—last year the final was 1p.

Gross investment income was up from £140,273 to £146,700, and the amount available for ordinary shareholders was £37,747 against £48,744.

The company's results broadly mirror the performance of the markets in which it is invested. In the U.S., the company lagged the main index as the smaller companies in which it invests did not, in general, do as well as the larger ones.

Since December 31, the company has repaid the borrowing of $1m with which it was financed. The directors continue to believe that the dollar is over-valued and have now taken out an option to sell $1.5m

Burco Dean to sell Easthams

BY ALEXANDER NICOLL

Burco Dean announced plans yesterday to sell its loss-making kitchens division after a sharp rise in group losses for the year ended September 30 1984.

Easthams, a maker of flat-pack and fitted kitchen furniture, will be sold for about £3m to Magnet & Southerns, the manufacturer of kitchen units and other home products. Burco, which recently received about £1.9m from the sale of its domestic appliance division, will eliminate group borrowings with the Easthams disposal.

The sale will substantially shrink the size of Burco Dean, which plans a name change shortly. Remaining activities will be the manufacture of non-ferrous garden furniture, equipment for testing moisture in the ground, and plastic injection mouldings. In a full year, turnover of these businesses is estimated to total about £4m.

Group turnover rose in the year to last September from £17.39m to £18.74m, but pre-tax losses rose from £697,000 to £1.6m. The company is again omitting its final dividend after paying 0.1p at the interim stage to maintain trustee status.

There was an extraordinary loss of £1.05m (profit £747,000) from the reorganisation and sale of the appliance division to Glen Dimplex of Ireland. The loss transferable from reserves was £2.67m (profit £32,000), and this produced a deficit in the revenue reserve of £120,000.

Mr Michael Hunton, chairman, said losses continued in the early part of the current financial year, but the remaining business is expected to be profitable in the rest of the year after the sale of Easthams and the elimination of interest on group borrowings.

Mr Julian Osborne, commercial director, said Easthams' market had been expanding in recent years, but that there had been intense competition from companies such as MFI.

Easthams already has a reorganisation under way, ending th manufacture of fitted kitchens and concentrating on flat-pack furniture—for which kits are shipped unassembled to the customer or distributor. The changes will reduce the group's workforce from about 400 to 300, and the sale of Easthams will cut it to about 190.

In the year to last September, Easthams accounted for about half of Burco Dean's turnover and had a loss before interest and tax of about £1.4m, of which £1.25m related to the fitted kitchen business which is being discontinued.

Easthams' net tangible assets at September 30 were about £3.8m.

Burco's biggest shareholder, with 28 per cent, is Charente Steamship, which also owns a shipping line as well as other investments. Mr Hunton, who took over as chairman last year, represents Charente.

Burco Dean shares rose 3p to 17p.

Strong dollar underpins Abingworth assets

DESPITE difficult conditions, the overall performance of Abingworth's portfolio remained sound during the six months to December 31 1984.

At the end of the half-year net asset value per 10p share had risen to £3.60. This compares with £3.15 at end-December 1983 and £3.20 at June 30 1984.

In line with previous policy the company, which is principally engaged in venture capital investment, is not paying an interim dividend but says a final payment will be proposed in respect of the full year.

Net profits improved from £144,515 to £165,981 after taking account of a higher tax charge of £101,726, compared with £68,921. Earnings amounted to 0.8p (0.7p). Profits for the 1983-84 year totalled £285,223.

The period under review saw a continuation of the pattern of the previous half-year. In particular, the market for listed technology stocks in the U.S. was weak.

Abingworth's major holdings held up well, however, and at December 31 last the aggregate value of the group's three largest holdings amounted to £23.2m, representing 31.8 per cent of group net assets, compared with £21.2m and 33.1 per cent of group net assets a year earlier.

The sterling value of these and the other dollar-based investments in the portfolio was substantially enhanced by the strength of the dollar.

Over the six months, a total of $6.1m was invested in ten new venture investments in the U.S. and two new investments were made in the UK at a cost of £470,000. A total of $3.1m was added to existing investments in the U.S. and £274,000 to investments in the UK.

A number of profitable realisations were made. In particular, Calibration Systems was taken over and Abingworth's holding, which cost £63,200 when the investment was made in 1980, was sold for £302,300.

This compares with a valuation of £189,000 placed on the holding at June 30 1984. The sale of investments in Pennant Holdings and Gandalf Technologies realised gains of £352,100 and £132,400 respectively.

Although the flow of investment proposals to Abingworth continues with little abatement there are signs that fewer new companies are being formed at present.

The directors say many of the weaker companies will not be able to raise money and may as a consequence, fail. They add that in this environment, there will also be numerous opportunities to invest in high quality situations on very attractive terms.

The prospects for these ventures should be "excellent" and in due course Abingworth would expect them to come to the public market at substantially enhanced valuations.

Since December 31, the market for listed technology companies in America in particular has shown some improvement and if this trend continues it should have a "beneficial effect."

Total income for the half year advanced from £586,289 to £638,355. Dividends and interest received fell to £401,958 (£467,643) but other income moved ahead to £166,815 (£116,945) and profits less losses of the dealing subsidiary improved to £69,434 (£1,701).

Administration expenses were little changed at £370,645 (£372,853).

Abingworth obtained a full listing for its shares in May 1983. It is principally involved in the high technology area and some 83 per cent of its portfolio is made up of U.S. stocks.

Aaronson optimistic as half-way profits surge

Aaronson Bros, manufacturer of chipboard and associated products, continued its recent improvement in the year to end-September 1984 with the pre-tax margins improving from 2.5 to 4.3 per cent.

Taxable profits increased by 90 per cent, from £2.01m to £3.82m, but are still slightly below the £4m peak reached in 1979. In 1981 the group's profits fell to £543,000.

The final dividend this time is lifted from 1.2p to 3p, making a total of 4.2p. Earnings per 10p share were almost doubled at 10.37p against 5.86p.

With turnover ahead by £9.04m to £89.39m, profits at the operating level jumped from £3.69m to £5.07m. The directors say that in the opening months of the current year the accounts indicate an encouraging increase in turnover and profitability, and they are anticipating a satisfactory outcome for the year.

As part of its policy of improving operating efficiency, the group closed its distribution depot n Northern Ireland during the year. Reorganisation and redundancy expenses involved are included in £528,000 extraordinary debits this time (£353,000).

The pre-tax figure was struck after interest charges, which took £1.8m (£1.98m), while interest received amounted to an increased £555,000 (£299,000). Last time there was a £1,000 loss from its associate.

The tax charge was doubled at £661,000 (£322,000), and minority interests took a higher £217,000 (£138,000).

● comment

Aaronson is breathing easier again after its 1981 dip into reserves. Then, the company had just expanded its capacity but the market for chipboard-based products suddenly became far more competitive when, with sterling at a relatively elevated level, foreign manufacturers flooded in. A continued overseas presence has kept prices down but volume is starting to pick up again as the pound has dropped, giving an edge to locally-produced products again. Aaronson is also seeing some benefits from its recent rationalisation of capacity and distribution outlets. While the conveyor belts may be starting to hum again, a direct spin-off from the slump in sterling must inject a note of caution into the current year's flying start. Aaronson's products are DIY orientated and are also used in kitchen furniture — markets which are highly sensitive to spending habits dictated to a significant degree by interest rates. Given a fair wind around £5m pre-tax looks possible which, on a 25 per cent tax charge, puts the 94p shares, up 13p, on a prospective p/e of just 7.

Unilever agrees sale of lossmaker MacFisheries

BY GORDON CRAMB

Unilever has agreed the sale of MacFisheries, its lossmaking fish processing subsidiary, to the privately-owned Clipper Seafoods of Aberdeen.

Terms of the deal were not disclosed by Unilever, but Dr Francis Clark, managing director of Clipper indicated a purchase price of "several millions."

MacFisheries, based in Fraserburgh, was founded in 1918 by the then Lord Leverhulme as an outlet for the local fish catch. It built up a countrywide network of High Street fishmongers which reached a peak of some 400 shops by the 1950s.

These began to lose ground to the emerging supermarket chains, and the distribution side ended with the sale of the MacMarkets stores to BAT Industries in 1979.

The MacMarkets name was eventually absorbed into the International Stores group, now owned by Dee Corporation.

MacFisheries has continued as a significant supplier to national food retailers such as Sainsbury and Waitrose, and sells its fish fingers, fish cakes and fillets under its own and other brands.

Annual turnover is some £16m to £18m, but it has been incurring trading losses for some years. In October 1983 its second processing plant, at Grimsby, was closed.

MacFisheries is Unilever's only UK fish processing operation, although it has a Marine Harvest breeding farm, also in Scotland. Unilever said yesterday the interests of MacFisheries would be better served under an owner already involved in that business.

Clipper, a supplier to Marks & Spencer and Tesco among others, has no brands of its own. It said it saw the acquisition as a natural extension of its own activities.

Discussions are under way with trade unions representing the 680 MacFisheries employees, but Dr Clark said no closures were planned.

"We would like to make it as efficient as Clipper, and that just means a lot of hard work and good management."

Profits double to £1.26m at Leisuretime Intl.

Pre-tax profits of Leisuretime International, an hotel and holiday concern, have more than doubled from £588,000 to £1.26m for the year ended October 31 1984.

The company, which traditionally incurs costs during the winter months made a first half loss of £138,00 but a second half profit of £1.12m.

The forthcoming year should see a further improvement in the company's trading position.

Pre-tax profits were struck after net interest payable of £88,000 compared with £3,000 interest receivable for 1983 on turnover down from £7.9m to £6.03m.

The final dividend is 1.1p (0.9p) for a net total of 2.1p (1.8p) per 10p ordinary share. Earnings per share increased from 6.5p to 9.79p after a tax charge of £387,000 (£68,000).

There was an extraordinary debit of £184,000 (nil).

Mr Timothy Aitken, the chairman, says that after the acquisition of Repose Hotels at end of 1983, the group's Channel Islands activities have been reorganised and rationalised into a single operating division.

Repose produced excellent results for 1984 and reservations for the current year are encouraging.

The group's Channel Islands tour subsidiary, Preston Travel, improved margins significantly.

The board believes that Preston's operations have been placed on a firm footing. Results for this year should show a further material improvement.

A decision was taken to sell the Old Swan Hotel, Harrogate, for £2.25m. The operating profit, up from £585,000 to £1.33m, includes an item realised from revaluation reserve on this disposal.

Directors expect that the new conference hotel built in the town will lead to greater competition and that considerable capital expenditure would have been required to bring the Old Swan up to full conference standard without necessarily a proper resultant increase in profitability.

● comment

Behind these encouraging first figures sice Leisuretime picked up Repose Hotels and then sold of the Old Swan, its old flagship, lies the question of future ownership of this Timothy Aitken-run company. Over the past few months David Kirch's Jersey-based property group, Channel Hotels, has built up a stake of 25 per cent. For Kirch, who has been casting around for a fully quoted public company into which he can inject his UK property interests, Leisuretime is an obvious candidate, if not because of its allied interests then its modest size. At the end of the day, though, value for money is always a critical factor and these latest figures will almost certainly add a premium to the price tag. With behind-the-scenes talks currently under-way, it remains to be seen whether Mr Kirch has to look elsewhere for his public vehicle. At 62p, up 3p, Leisuretime's market capitalisation is £5.5m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aaronson Bros		3	April 11	1.2	4.2	2.1
ASR Hldgs	int	3.5	March 15	—	—	7.25¶
Burco Dean		Nil	—	0.1	—	0.1
Goode Durrant		1.25	March 26	1.25	1.25	1.25
‖Independent News		8	—	7	12	11
Leisuretime Intnl		1.1	—	0.9	2.1	1.8
Mid Wynd Intnl	int	0.9	April 10	0.9	—	1.9
Wm Ransom	int	1.65	April 9	1.5	—	7.5
‡Trade Promotions	int	1.05	March 25	—	—	1.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock. ¶ For 15 months. ‖ Irish currency throughout

Hillsdown sale pulls in well over £500m

THE OFFER for sale of 47m shares in Hillsdown Holdings, the large food manufacturing and processing business, attracted more than 100,000 applications for around 500m shares.

At the very least the issue drew £500m of investors' money though because it was a tender the actual figure was much higher.

The advisors, Kleinwort Benson, have pitched the striking price at 145p, against the minimum of 100p, capitalising Hillsdown's business, which includes such famous names as Buxted Poultry and Daylay Eggs, at £274m.

At the striking price or above there were around 45,000 applications in respect of 258m shares. So even at that level the issue was oversubscribed 4½ times.

After covering preferential forms from employees for 3.78m shares applications for the remaining 43.22m shares have been accepted on the following basis. Those for up to 400 shares receive 100 and those for 600 or more will receive approximately 18 per cent of the amount applied for, up to a maximum of 250,000 shares.

As a result of the large number of applications it is now expected that Lloyds Bank will despatch renounceable letters of acceptance and cheques for surplus application monies to successful applicants on February 12.

Dealings are expected to start on the following day.

● Memory Computer, the troubled Dublin based computer manufacturer and distributor has completed its IR 3.26m, 2 for 1 rights issue.

It issued 18.663m shares at IR 18p per share of which 51.5 per cent was taken up by shareholders, directors and the Industrial Credit Corporation, which underwrote the issue and took up the balance.

Memory's shares were suspended at 80p sterling in September and reinstated at 16p on the USM in January following shareholder approval for the rights issue. The suspension occurred after Touche Ross had refused to sign the preliminary results because they included two contracts for payments which had not been made. The profits forecast was subsequently revised from IR£1.58m to IR£76,000.

● The offer for sale of 33.25m shares at 150p per share in Berkeley Technology has been oversubscribed.

Kleinwort Benson, the financial advisers, said that firm applications from institutional shareholders for 18.25m shares had been met in full. Applications were received for a further 25m shares from the public, compared with the 15m on offer. Details of the allocation of these shares will be published tomorrow.

Dealings in the shares will start in the middle of next week.

Hobson shareholders side with board

The shareholders of Hobson, a Cheltenham-based maker of aluminium flat dies, have sided with the board in its dispute with Mr George Nicholson, the group's temporarily suspended managing director.

Mr Nicholson was suspended just before Christmas for two months on full pay for reasons which the group is not disclosing. He called an extraordinary general meeting, which gathered yesterday, to press unsuccessfully for the removal from the board of his fellow directors, Mr Rodney Harnet, the chairman, Mr David Stewart, the technical director, and Mr Patrick Brenan, a former finance director of the Hambros merchant banking group.

Mr Nicholson did not attend yesterday morning's meeting, where shareholders turned down his proposal.

The start of something big

Charles Batchelor on Citicorp's plans to increase its involvement in the UK takeover scene

Citicorp's involvement in the £124m takeover bid launched on Tuesday by Entrad Investments for Tootal, the UK textile group, marks an important new step for the bank and highlights the growing involvement of U.S. banks in the British takeover scene.

U.S. banks have been expanding the scope of their London-based mergers and acquisitions activity over the past few years, but have usually restricted themselves to negotiating the sale of part of a company to another company.

They have steered clear of becoming involved in contested takeovers for fear of spoiling relations with their clients—a policy many also follow in the U.S.

That situation is about to change. Merrill Lynch has been on the point of launching — admittedly on behalf of U.S. clients—two contested takeover bids for UK public companies in the recent past though on both occasions the bids were called off before launch day.

Mr Nahum Vaskevitch, managing director of Merrill in London said: "I am not surprised at Citicorp's involvement in the Entrad bid—though I suspect it is linked to their financing of the deal. It is a continuation of a trend that is gaining momentum."

"In the two cases we were involved in we would not have used a UK merchant bank as a partner. We felt we had sufficient expertise to do the deal entirely ourselves."

Citicorp too is convinced that Entrad will not be the last deal of this kind.

"We intend to become a major force in investment banking in the UK and that means becoming a major force in public takeovers," said one bank official involved in the deal.

"There will be further public market activity this year both in issuing and takeover bids. This is merely the start of what will be a prominent 1985 for us."

The Entrad deal forms part of a concerted attempt by Citicorp to build up a wide-ranging merchant banking business in the UK. In November it became the first foreign bank to sponsor an issue of new shares—for the computer group Instem—on the London market.

It became involved in the Entrad deal because of its long-standing relationship in Australia with Mr Arnold Bloch, Entrad's chairman, and the two other prominent businessmen who are major shareholders, Mr Abraham Goldberg and Mr Marcus Besen.

Citicorp said it was involved in the joint development of strategy with Warburgs and in the joint drafting of documents. Warburgs confirmed this close involvement, but said that it (Warburgs) was "leading the matter."

Some UK investment bankers have been dismissive of the U.S. involvement in London in the past saying it was not as large as the U.S. banks claimed.

A well-established player in the UK mergers world is Goldman Sachs, though significantly it has not yet advised a bidder in a contested bid.

It is currently advising Dunlop on the U.S. aspects of its defence against the BTR bid and over the past two years has also helped Sotheby's, the art auctioneer, and Thomas Tilling, the building company.

Goldman brought in Mr Alfred Taubman, the multi-millionaire U.S. property developer to buy Sotheby's, but Tilling eventually succumbed to the BTR bid.

BTR consulted Morgan Stanley in the conduct of its tactics in the Tilling offer, but the American bank's involvement was not as close as Citicorp's in the Entrad bid.

Mr Robert Conway, managing director of Goldman Sachs International, said: "The U.S. and UK banks can play a complementary role. One of the options in a defence has to be a buyer outside the UK or the strategy could involve a company's activities outside the UK."

Goldman Sachs had not got involved in hostile tender offers in the U.S. because the success rate was low, but the differing climate in the UK takeover scene might mean this would eventually happen in the UK, he said.

"In the UK context it could mean acting in a hostile deal, but we have not yet faced that. It is an arrow in the quiver that can be used."

Greenall Whitley 'usefully ahead' in first quarter

Group profits of Greenall Whitley, a brewery, hotel, wine, spirits and soft drinks group, are usefully ahead for the first quarter compared with the same period last year, Mr Christopher Hatton, chairman, told the annual meeting.

Outlining the group's hotel expansion programme, Mr Hatton said: "Our plans for the rebuilding of the bombed Grand Hotel, Brighton, are well advanced and we expect to announce details within the next month or so."

He said the board was particularly pleased with the performance of its hotels. "De Vere Hotels are trading well ahead of our expectations. At the time of the takeover last year and throughout our hotel division occupancy levels are just over 5 per cent ahead of last year."

On the group's main brewing business Mr Hatton said: "Trading was good over the Christmas and New Year holiday. But the continuing high level of unemployment and population drift in the North West prevents any real sustained upturn in beer sales in our traditional trading area. In the East Midlands the prospects for Shipstones brewery are more encouraging."

Trade Promotions nearer target after deficit cut

Trade Promotions Services Group has reduced its taxable deficit from £423,000 to £208,000 for the first half to October 31 1984.

The interim period usually results in a loss for this organiser of trade fairs and exhibitions, and the directors reiterate the forecast made in last September's USM prospectus that the result for the full year will be in the region of £650,000.

The marked improvement in the first half reflects the success of the Autumn Gifts Fair, the only exhibition held in the period. The directors consider that this Fair is capable of further expansion, "to become an increasingly significant event in the international exhibition calendar."

Turnover for the period under review was £1.65m against £1.23m. The group has started the current half on a strong note, state the directors. "The all-important Spring Fair at Birmingham has been an outstanding success with record numbers of exhibitors and buyers."

There is to be a maiden interim dividend of 1.05p net per 10p share, again as forecast in the prospectus which also projected a final of 2.1p. Losses over the half year are stated at 4p (8.5p) before tax and 2.4p (4p) after. The respective figures for the last full year, when profits came to £506,000 from turnover of £6.09m, were 10.1p and 6p.

The midway trading loss was £245,000, compared with £440,000 last time

THE PROPERTY MARKET BY MICHAEL CASSELL

Mounting doubts in the land of blockbuster deals

COUNTLESS ACRES of empty space, indifferent rental growth, mounting tax uncertainties and the prospect of an end to economic expansion provide powerful arguments for giving U.S. real estate investment a miss in 1985: the signs are that domestic and foreign investors will not be so easily sidetracked.

Despite the problems confronting the world's biggest, boldest, property investment market, the indications are that its principal players will be keeping their eyes fixed firmly on the future, preferring to overlook the pitfalls and pot-holes immediately in front of them and seeking to maintain the spending momentum of 1984.

Last year appears to have seen more $100m-plus real estate transactions in the U.S. than took place in the previous decade; short-term uncertainties or not, there are few who believe 1985 will see a significantly lower level of activity.

Once upon a time, the sale of the Pan Am or General Motors building had brokers buzzing from Fifth Avenue to Figueroa Street. This week's $400m Manhattan land purchase by the Rockefeller family was spectacular enough and reminiscent of the days when giants like Holmsley and Zeckendorf set the pace.

But although individuals like Gerald Hines and Trammell Crow still make a big mark on U.S. real estate, the market is increasingly dominated by cash-rich pension funds and insurance groups, revitalised savings and loans associations and big spending syndicators. Blockbuster deals are becoming commonplace.

The scale of the market in which private and public investors play is almost incalculable — a recent estimate put the value of standing real estate investments at $1.3 trillion (million million). The number of participants is equally daunting: an estimated 500,000 brokers chase clients and commission, there are 110,000 active developers and no fewer than 30,000 financial institutions with real estate links.

Few of them would deny that, three years into the strongest economic recovery since the last world war, the going may soon get tougher. But just as many would insist that, with the high cash yields and total returns available, real estate will continue to take some beating as an investment medium.

Much of the concern over the outlook for real estate centres inevitably on prospects for the U.S. economy, given the continuing budget deficit, the consequent threat of still-higher interest rates and the chances of an economic slow-down turning into recession. But there are more specific reasons for some of the worries.

In many major cities, for example, downtown offico markets aro awash with unwanted space and new supplies of accommodation ere still pouring through the pipeline. Coldwell Banker, the nationwide real estate brokers, predict a continuing oversupply as another 33m sq ft of accommodation hits downtown markets this year.

The latest Coldwell Banker survey, taken at the end of 1984, shows average downtown vacancy rates standing at a new peak of just under 15 per cent and still rising. An 18 per cent average in the suburbs is also set to increase further with new construction completions running at twice the 1984 level. As a result, the brokers—who also report the first upturn in industrial vacancies since September 1983—believe most rents are unlikely to show any significant growth until at least mid-1986.

Richard Ellis, which has six offices in the U.S., shares the same view about rents and adds: "A growing number of funds and qualified real estate investment managers are expressing concern at the level of development activity, pricing and yields now prevailing. Unquestionably, an excessive supply of space is developing in some of the first tier markets and many of the second tier markets. The current rate of development cannot be maintained, at least on a healthy footing, without some backlash."

Even so, Ellis manages a touch of American-style confidence and says it expects the gradual introduction of further zoning, planning and environmental regulations to help restrict the supply of space, raise values and further enhance the attractions of real estate investment.

Away from the marketplace, the agents see other clouds on the immediate horizon: "One of the principal negative influences on the strength of the real estate market will be the further prospective changes in the treatment of property from a taxation standpoint. The scope and depth of these changes will undoubtedly be influenced by the attitude of Congress towards further cuts in the Federal Budget."

Coldwell Banker tends to agree and accepts that tax changes will have a moderating effect on tax-sensitive syndications, partnerships and joint ventures. It seems to have few doubts, however, that the investment markets will soon adjust accordingly and that activity—particularly by the pension funds—will again accelerate.

The scope for further exposure to real estate by American institutions is immense. The average level of investment in property assets by U.S. pension funds stands at around 4 per cent, and most have made clear their intention to raise the figure to as much as 15 per cent over the next decade — an increasingly likely prospect if diminishing tax benefits reduce levels of private real estate ownership.

Some estimates suggest that the institutions' determination to raise their real estate profile, together with their conversion from a passive lending role to one of equity participation and management, could release up to $800bn of new capital into the investment market over the next decade.

They will not have the market to themselves. Last year, public syndicators pushed a record $6bn into real estate, a figure which is likely to have been multiplied four times over by private investment syndicates.

Neither is anyone underestimating the importance of foreign investors and the impact they will have on future investment markets. Most estimates put the recent flow of overseas funds into U.S. real estate at between $2.5bn and $3bn but one man who has taken a long, close look at this part of the market expects something much more dramatic.

Mahlon Apgar, a Washington-based investment adviser, reckons it will take more than an indestructible dollar to stop the inflow of overseas money: "I would not be at all surprised to see $7bn or $8bn of foreign investment funds finding their way into U.S. property this year and next.

"Many American investors feel that foreign buyers overpay for properties but that often reflects the longer investment time frames they are used to dealing in. Instead of the seven to 10 year investments fevoured by Americans, overseas buyers will view their purchases as 20-yeer propositions. As a result, they will pay slightly more and accept lower initial returns, which can still look good against what is on offer in their home markets.

"Investors from countries whose currencies have fared particularly badly against the dollar will no doubt think carefully before they buy but I see nothing stopping them from investing increasingly heavily. The Japanese, for example, have taken a long time to do their homework but the level of investment in U.S. real estate is set to triple by 1988."

Apgar, with the help of Jones Lang Wootton, has produced a report for the Urban Land Institute which estimates total foreign investment in U.S. real estate reached just under $50bn in the five years up to and including 1983.

According to Apgar: "There is a myth that the influx of foreign money is driven by the big institutions. In reality the situation is much more pluralistic and private individuals remain very important.

"The U.S. real estate investment market is equally fragmented but it is going to become much more professional and institutionalised. We have developed sophisticated systems of financial analysis for what is a deal-oriented market but the industry remains highly localised and almost primitive in its organisation and structure. The arrival of foreign investors will help change all that."

Planning kick-off at Stamford Bridge

MARLER ESTATES has won outline planning consent for proposals to redevelop Stamford Bridge, the home of Chelsea Football Club.

Hammersmith and Fulham council has approved the plans, submitted by S.B. Property—in which Marler has a 70 per cent shareholding—to build luxury flats, houses and about 16,000 sq ft of high-tech office space on the 11-acre site. It is understood there is an outline agreement to pre-let the offices to the London Enterprise Property Company, a private sector-Greater London Enterprise Board joint venture.

The project is likely to cost about £10m and could have a completed development value of £25m-£30m. Chelsea's lease on the ground ends in 1989 and Marler has to find the club a suitable, alternative site within a 15 miles radius. An early start to the project seems unlikely.

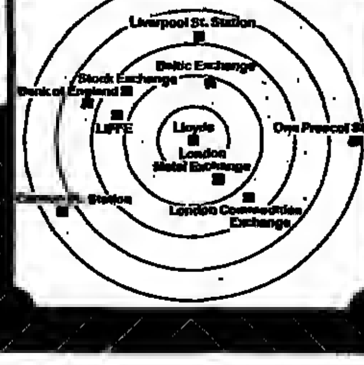
● **Eagle Star Properties** has won planning permission to demolish Malvern House, a 20-year-old office building on the northern end of Southwark Bridge in the City of London, and to develop 167,700 sq ft of office space, together with residential, showroom and car parking space. Eagle Star has been negotiating a new, long lease from the City Corporation.

● **Friends Provident and Wates City of London Properties** are paying £67.5m for the freehold of Winchester House, Old Broad St, City of London. The 225,000 sq ft building stands on a one-acre site on the corner of London Wall and has an annual rental income of £3.5m. Friends Provident, which will be the majority partner with Wates, plans a phased refurbishment programme.

● **Lilliput Property Unit Trust** has paid just over £2m for eight period offices in the centre of Tunbridge Wells. Lilliput will refurbish the buildings which currently yield 5.25 per cent. Tunstill acted for Crest Estates, the vendors, while Granville Property Services acted with Baring, Houston & Saunders for Lilliput.

● **Hill Samuel Property Management**, acting on behalf of its in-house unit trust, has paid about £1.2m for the freehold of four shops in Graham Street, Airdrie, reflecting an initial yield of 5.5 per cent. Michael Laurie advised Hill Samuel and Websters acted for House of Fraser, who developed the shops.

● **The volume of vacant industrial floorspace** in England and Wales had fallen from an April 1983 peak of 177m sq ft to 143m sq ft by December, 1984, according to King and Co.



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The site is zoned to permit office, residential, hotel and retail uses. The zoning allows for more than 2.2 million square feet of development. Up to an additional 448,000 square feet of development may be allowed in exchange for making designated improvements to the adjacent subway station.

For further information and a copy of the RFP contact:
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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday February 8 1985

New issues flood becomes a trickle as buyers retreat, Page 38

WALL STREET

Reagan finds a ready response

THE OPTIMISTIC note of President Ronald Reagan's State of the Union address to Congress found a ready response on Wall Street yesterday, where the stock market surged towards new peaks in another session of heavy trading, *writes Terry Byland in New York.*

Although gains in blue chips were cut back at midsession as the bond market weakened on reports of poor retail demand at the auction of 30-year Treasury securities, the closing minutes of the session saw stocks gaining ground again. Across the broader range of the market, buying support remained strong, and both the NYSE composite and the Standard & Poor's 500 index moved up again.

The Dow Jones industrial average made a couple of attempts to challenge last week's all-time peak of 1,292.62 but was thwarted by the caution in the bond market. At the close the Dow was 9.49 points up at 1,290.08. Turnover increased to a total of 152.6m shares, the highest for a week.

Strong gains in airline issues pushed the Dow transportation average ahead once again. The Detroit car makers rebounded strongly from recent weakness.

A strong lead for the industrial share sectors came from IBM, $1¼ up at $136⅝, with Control Data $1⅝ up at $38⅝ and NCR $¾ higher at $30¼.

But the NYSE active list was topped by insurance stocks which ran into sellers as the results season opened. Aetna Life & Casualty dipped $⅞ to $41⅛ and Cigna $1⅝ to $47. However, Travelers Corp added $¼ to $42¼ after the trading announcement.

On the American Stock Exchange, a 2m block of ADRs in Imperial Group contributed to total turnover of more than 3m ADRs of the UK tobacco group. On Wednesday, 6m ADRs in BAT, the other major UK tobacco company, changed hands.

Heavy trading in Phillips Petroleum continued after the board had rejected Mr Carl Icahn's $55-a-share proposal and said it would accept any friendly offer of $62. At $50, Phillips dipped $¼.

Unocal, also very busy again, gained $1⅜ to $47⅞ as speculators waited for a move by Mr T. Boone Pickens. Other oil stocks were generally firmer, with Schlumberger, the oil services group, $¾ up at $40⅝ on results. McDermott, at $29, shed $1 despite higher third-quarter profits. Tesoro Petroleum at $11 made no response to first-quarter results.

Stock in Manville, the asbestos company, gained $¾ to $8 after the latest boardroom statement.

Chemicals firmed after Allied opened the results season, gaining $⅝ to $39⅝ on the trading figures.

Retail traders looked weak as further evidence of poor Christmas trading reached Wall Street. Heavy selling of K mart, the discounter, followed the board's warning of a final quarter below expectations and sent the stock plunging $2⅜ to $37⅛.

But Sears steadied after the selling which greeted the results, adding $⅝ to $35⅝. Nabisco Brands eased $⅛ to $53⅝ despite an increased dividend.

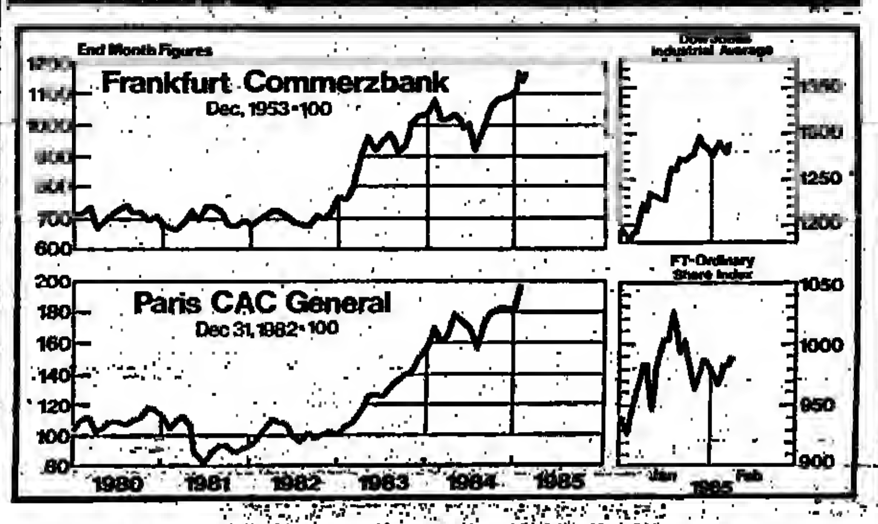
Food retailers were generally steady, however, and Safeway Stores held unchanged at $28⅝ on news of higher earnings.

The bond market opened well but began to fall back at midsession when traders caught the whisper of a very poor retail reception at the day's auction of $5.75bn in 30-year bonds – an important test of the outlook for yields. Losses ranged to around ½ point at the long end.

The news from the auction was the more disconcerting because the first two legs of the Treasury $19bn refunding programme – three-year notes were sold on Tuesday and 10-years on Wednesday – had met reasonable support.

Money market rates moved higher as federal funds moved up to 8 7/16 per cent re-awakening nervousness about federal reserve credit policies.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 7	Previous	Year ago
NEW YORK			
DJ Industrials	1,288.21*	1,280.59	1,180.49
DJ Transport	624.57*	617.14	528.72
DJ Utilities	150.54*	149.96	130.97
S&P Composite	181.79*	180.43	158.74
LONDON			
FT Ord	989.2	983.3	801.3
FT-SE 100	1,296.3	1,289.5	1,021.7
FT-A All-share	622.00	618.42	481.26
FT-A 500	676.66	676.97	513.95
FT Gold mines	497.1	487.8	596.9
FT-A Long gilt	10.69	10.85	10.21
TOKYO			
Nikkei-Dow	11,940.80	11,867.17	10,060.90
Tokyo SE	922.94	918.93	769.40
AUSTRALIA			
All Ord.	778.1	777.9	762.1
Metals & Mins.	446.8	448.8	533.2
AUSTRIA			
Credit Aktien	62.26	62.21	55.33
BELGIUM			
Belgian SE	2,155.71	2,152.66	–
CANADA			
Toronto			
Metals & Minls	2,187.9*	2,179.2	2,209.0
Composite	2,620.6	2,614.5	2,411.4
Montreal			
Portfolio	127.61	132.21	118.12
DENMARK			
Copenhagen SE	171.83	171.36	219.73
FRANCE			
CAC Gen	198.2	197.3	163.7
Ind. Tendence	108.5	107.9	87.8
WEST GERMANY			
FAZ-Aktien	400.93	395.09	359.55
Commerzbank	1,164.7	1,147.2	1,062.4
HONG KONG			
Hang Seng	1,312.43	1,333.31	1,085.4
ITALY			
Banca Comm.	270.90	268.90	219.95
NETHERLANDS			
ANP-CBS Gen	199.4	198.5	162.2
ANP-CBS Ind	158.2	157.2	133.2
NORWAY			
Oslo SE	338.88	334.88	237.49
SINGAPORE			
Straits Times	815.81	812.99	1,082.15
SOUTH AFRICA			
Golds	n/a	929.4	867.3
Industrials	n/a	862.8	968.4
SPAIN			
Madrid SE	112.75	115.29	77.75
SWEDEN			
J&P	1,471.30	1,485.25	1,573.37
SWITZERLAND			
Swiss Bank Ind	416.7	414.6	364.4
WORLD	Feb 6	Prev	Year ago
Capital Int'l	195.8	195.8	181.5

GOLD (per ounce)

	Feb 7	Prev
London	$302.00	$303.00
Zürich	$301.85	$303.35
Paris (fixing)	$303.34	$303.28
Luxembourg	$302.55	$303.45
New York (Feb)	$299.40	$302.20

* Latest available figure.

CURRENCIES

(London)	U.S. DOLLAR Feb 7	Previous	STERLING Feb 7	Previous
$	–	–	1.1165	1.114
DM	3.245	3.2215	3.6225	3.59
Yen	260.65	259.45	291.0	289.0
FFr	9.9025	9.8375	11.055	10.95
SwFr	2.76	2.737	3.0825	3.05
Guilder	3.668	3.649	4.095	4.065
Lira	1,998.5	1,977.5	2,229.0	2,202.5
BFr	64.95	64.45	72.55	71.8
C$	1.33645	1.33475	1.492	1.4865

INTEREST RATES

	Feb 7	Prev
Euro-currencies (3-month offered rate)		
£	13½	13 11/16
SwFr	5⅝	5⅝
DM	6⅛	6⅛
FFr	11⅛	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9	8¾
6-month U.S.$	9¼	9⅛
U.S. Fed Funds	8 7/16*	8⅝
U.S. 3-month CDs	8.55	8.50
U.S. 3-month T-bills	8.15	8.13

U.S. BONDS

Treasury	Feb 7* Price	Yield	Prev Price	Yield
9⅝ 1987	99 9/32	10.05	99 18/32	10.032
11⅛ 1992	101 5/32	11.322	101 20/32	11.303
11⅝ 1995	99 24/32	11.394	99 10/32	11.36
11¼ 2014	102 ½	11.369	103 ⅛	11.358
Corporate	**Feb 7* Price**	**Yield**	**Prev Price**	**Yield**
AT&T				
10⅜ June 1990	96	11.20	96⅛	11.15
3⅜ July 1990	76⅝	9.55	77⅛	9.35
8⅜ May 2000	77⅝	12.00	78⅜	11.75
Xerox				
10⅝ March 1993	95⅝	11.45	96⅜	11.25
Diamond Shamrock				
10⅜ May 1993	93⅜	11.90	96⅛	11.55
Federated Dept Stores				
10⅜ May 2013	88.572	12.05	89⅜	11.90
Abbot Lab				
11.80 Feb 2013	97.801	12.10	99⅜	11.90
Alcoa				
12⅞ Dec 2012	96.897	12.65	99⅜	12.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	71-27	72-13	71-21	72-04
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.71	91.82	91.69	91.75
Certificates of Deposit (IMM) $1m points of 100%				
March	91.00	91.15	90.99	91.08
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.82	90.87	90.78	90.94
20-year Notional Gilt £50,000 32nds of 100%				
March	105-02	105-03	104-03	103-26

COMMODITIES

(London)	Feb 7	Prev
Silver (spot fixing)	550.85p	557.05p
Copper (cash)	£1,250.50	£1,259.50
Coffee (Mar)	£2,372.50	£2,393.50
Oil (spot Arabian light)	$27.80	$27.90

LONDON

Institutions spark rally in gilts

GOVERNMENT securities assumed full control of London stock markets yesterday as heavy inflows of overseas and domestic institutional cash swept quotations higher. Demand was directed at longer-dated gilts, some of which rose 1¾ points, but all maturities displayed strength despite substantial sales by the authorities.

Investors were unperturbed by the obstacle of high levels of UK interest rates, and demand continued throughout official market hours into the late trade. Sterling's slow improvement against a dollar still strong against other leading currencies motivated buying, leading to hopes that the revived foreign interest could mark a turnround in the U.S. currency's fortunes. American funds led the onslaught on gilts.

A steady improvement in equities resulted in a number of impressive gains. Associated Newspapers finished 50p stronger at 790p while Bass rose 22p to 510p. In recently active stores, Burton added 9p to 451p, and House of Fraser ended 10p up at 338p.

Scattered falls included Applied Computer, 13p down at 217p, and Thorn EMI, 10p cheaper at 450p.

The FT Ordinary index, unchanged in the morning, gradually improved to close 5.9 higher at the session's highest level of 989.2.

Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33

AUSTRALIA

STEADY interest in high technology and takeover situation stocks provided a further stimulus to Sydney trading that took the All-Ordinaries index 0.2 higher to 777.9.

The confidence displayed in the mining sector proved short-lived largely due to lower London metal prices although gold miners experienced a firmer session.

Industrials were generally higher while the decline among resources issues did not embrace oil and gas shares.

Vapocure in the high-technology sector was again featured with a 60-cent gain to A$6.30 while security service group Wormald International briefly touched a high of A$3.55 on takeover speculation. It finished a net 5 cents ahead at A$3.40.

Lifesavers, for which Nestlé is offering A$3.30 a share, gained a further 2 cents to A$3.58 on high turnover.

SOUTH AFRICA

THE SURGE of the rand against the dollar and other leading currencies undermined Johannesburg gold shares.

Among the blue-chip mines favoured by overseas investors Randfontein fell R4 to R174 while Vaal Reefs was knocked down R4.50 to R171.

The non-gold mining market was supported by selective local buying although De Beers, the diamond group, fell 22 cents to R8.60 on heavy volume. In platinums, Impala eased 20 cents to R23.40, and Rustenburg was 25 cents off at R18.75 by the close.

Industrials were quietly mixed although Barlow Rand slipped 15 cents to R9.85.

CANADA

MODEST GAINS were made in Toronto as oil, transport and gold shares improved.

Dome Petroleum, which completed its debt restructuring earlier this week, added 10 cents to C$2.85. Texaco Canada dropped C$1 to C$34¾ after it disclosed that its parent plans to sell up to 12m shares in the Canadian subsidiary.

Chevron was steady at C$18⅝ after announcing its 60 per cent interest in Gulf Canada was up for sale to Canadian-controlled companies until the end of April.

Industrials were one of the few weak spots in Montreal as banks and utilities made steady progress.

EUROPE

Foreigners hold key to advance

STRONG foreign demand for European shares provided the keystone for further advances in most centres, with records again being set in the Netherlands, Switzerland, France, Italy, Austria and Norway.

Purchase orders, particularly from the U.S., underpinned a Frankfurt advance which took the Commerzbank index 18.5 higher to 1,165.7

Siemens was again sought in continued reaction to its higher first-quarter profits and rights issue. The stock added DM 13 to DM 546 – a rise of DM 34 over the past two trading sessions.

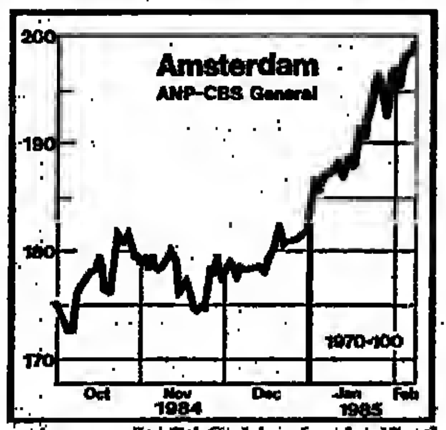
Recently-favoured IWKA picked up DM 11.50 to DM 300, after Wednesday's DM 6.50, as speculative buying revived. Nixdorf added a further DM 4 to DM 536 in continued reaction to 1984 results.

SEL closed DM 15.50 higher at DM 350 as it signed a joint venture agreement with Italy's state-owned Ristrutturazione Elettronica to produce video cassette recorders.

In a mixed motor sector, Daimler rose DM 5.50 to DM 633, and Porsche firmed DM 12 to DM 1,085 after Wednesday's dividend announcement.

AEG-Telefunken added DM 3.90 to a record DM 116 as it announced a DM 150m investment on two production facilities in West Berlin.

A firm banking sector saw Deutsche Bank up DM 4.90 to DM 404.90 and Commerzbank DM 2 firmer at DM 170. Dresdner added DM 3 to DM 190.70.



Bond prices were little changed in dull trading with interest rate worries again inhibiting turnover. The Bundesbank sold a small DM 6.2m of paper, reflecting the low turnover, after sales totalling DM 37.3m the previous day.

The pace of advance slowed in Amsterdam, but the ANP-CBS General index put on 0.9 to another record of 199.4.

Heavy U.S. demand for Royal Dutch enabled the share to recoup an early 30-cent loss and end a net 20 cents higher at Fl 196.20.

KLM traded little changed from its overnight levels early in the day but fell back to close 20 cents lower at Fl 49.40, ex-scrip, despite the announcement of its first third-quarter profit for 10 years.

Copier maker Océ van der Grinten rose Fl 3 to FL 310: it announced details of its improved fiscal 1984 results.

Bonds eased in moderate trading a. the market failed to absorb continued foreign and domestic selling.

Active institutional and foreign buying contributed to another advance in **Zurich** which took the Swiss Bank Industrial index up 2.1 to a peak of 416.70.

Oerlikon-Bührle posted a sharp SwFr 65 advance to SwFr 1,470 – for a two-day rise of SwFr 100 – in continued reaction to Tuesday's announcement that the company expects to break even in 1984.

Swiss Volksbank was unchanged at SwFr 1,480 as it announced higher 1984 profits and the board proposed an increased dividend.

Bonds were barely steady with federal bonds marked sharply lower after sales by a major bank.

Brussels ended mixed in quiet trading. Petrofina came in for some profit-taking and eased BFr 20 to BFr 7,180, while retailer Delhaize maintained Wednesday's BFr 400 surge, ending unchanged at BFr 6,700.

Steels were higher with Arbed BFr 10 higher at BFr 1,690 in continued reaction to its preliminary 1984 earnings.

Paris was again ahead with the Indicateur de Tendence up 0.9 at a peak 198.2.

Lesieur, the food group, dipped FFr 10 to FFr 875 as it received authorisation from the Spanish Government to raise its stake in Spain's largest edible oils company, Koipe. However, Lesieur is still unable to go ahead with a takeover of the second largest concern, Carbonell.

BSN, the dairy, foods and glass group, was unchanged at FFr 2,370: it announced a provisional 12 per cent rise in 1984 consolidated sales.

Milan continued its advance, and the Banca Commerciale index rose 2 to a record 270.90 despite continued efforts by the bourse authorities to slow the rise.

Montedison led industrials higher, adding L32 to L1,515. Fiat rose L6 to L2,495, but Olivetti slipped L5 to L6,485.

Among holding companies, La Centrale shed L128 to L2,720 amid reports that the medium-term credit institute, IMI, may sell its stake in Nuovo Banco Ambrosiano, which owns Centrale.

Madrid turned easier, and **Stockholm** was also lower with the decline attributed to rising domestic interest rates.

Electrolux was actively traded, up SKr 2 to SKr 303, in continued reaction to its plans for a higher dividend.

Volvo shed SKr 9 to SKr 290 as the Government gave approval to increase foreign ownership in the company from 20 per cent to 24 per cent of the voting rights.

In a broadly firmer **Copenhagen**, Andelsbanken rose DKr 3 to DKr 288 as it announced an unchanged dividend for 1984 and a one-for-four rights issue.

Further advances took the **Vienna** and **Oslo** bourses to their highs for the year.

HONG KONG

Continued phase of correction

THE TECHNICAL correction continued in Hong Kong trading with a further 20.88 fall in the Hang Seng index to 1,312.43 after Wednesday's 19-point setback.

A weak opening was partially reversed by midsession, but prices fell over a broad range later in the day. The declines were ascribed to market consolidation.

In properties, Cheung Kong lost 40 cents to HK$12.70, Hongkong Land slipped 7 cents to HK$4.20 and Sung Hung Kai retreated 20 cents to HK$8.70.

Banks were equally weak, with Bank of East Asia 10 cents easier at HK$23.90 and Hongkong Bank 15 cents lower at HK$8.55. Hang Seng Bank was hardest hit with its HK$1.25 slump to HK$45.50.

Wheelock was one of the few stocks to resist the downtrend with its 10-cent advance to HK$4.25.

SINGAPORE

SCATTERED foreign institutional buying was apparent among some Singapore blue chips but proved insufficient to spark a sustained rally. The Straits Times industrial index, however, managed a 3.67 gain to 816.19, but the All-Shares index slipped 0.05 to 291.10.

The overseas attention focused on stable industrial and selected bank issues with large capitalisations. Genting firmed 5 cents to S$5.40, Singapore Press gained a similar amount to S$6.45 and DBS rose 10 cents to S$5.95 ex-all.

Property stocks continued to suffer from sustained selling, with Singapore Land off 12 cents to S$3.06 and Selangor down 5 cents to S$2.06.

TOKYO

China-linked issues offer diversion

PERSISTENT buying interest in some biotechnology and incentive-backed issues enabled shares to continue their rise in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

But some investors, increasingly concerned that prices might collapse in reaction to the recent sharp upswing, turned their attention to stocks of companies with links to China.

The Nikkei-Dow market average gained 73.63 to 11,940.80. Volume decreased slightly from Wednesday's 402m shares to 395m. Advances outpaced declines by 407 to 306, with 180 issues unchanged.

Biotechnology-related issues remained popular. Mitsubishi Chemical topped the most active list with 17.09m shares changing hands and rose Y8 to Y416. Yamanouchi Pharmaceutical gained Y140 at one stage but came under profit-taking pressure later to finish only Y20 higher at Y4,070.

Among incentive-backed issues, Osaka Transformer added Y30 to Y615, Mitsubishi Steel Y20 to Y325, Nippon Denko Y50 to Y1,550 and Koito Manufacturing Y26 to Y596.

China-related stocks came to the forefront. Aoki Construction, third most active, jumped Y63 to Y795 and Kumagai Gumi Y38 to Y618, buoyed by its reported plans to build hotels in China. Iino Kaiun also advanced Y15 to Y560.

Blue chips were actively traded, with Nippon Columbia adding Y110 to Y1,460 and Sony Y40 to Y4,130. Matsushita Electric Industrial advanced Y40 to Y1,570 and Fuji Photo Film Y30 to Y1,790.

Brisk demand for semiconductor elements pushed Nippon Gakki up by Y100 to Y2,190. Ikegami Tsushinki leaped Y80 to Y2,650, bolstered by its TV broadcasting equipment exports to China.

Some financial stocks were steady on small-lot buying. Sumitomo Bank gained Y40 to Y1,650 and Sumitomo Marine and Fire Y20 to Y570.

Bond prices fell in response to the yen's further fall below Y260 to the dollar in Tokyo. Although some securities companies moved to sell, institutional investors stayed on the sidelines.

The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, rose sharply to 6.760 per cent from Wednesday's 6.660 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅞	AAR	.48	2.3	18	164	20⅞	20½	20⅞	+⅜
26	9⅞	AGS			12	122	16⅞	16⅜	18	+⅛
19	12⅞	AMCA	1	8.9		21	15⅞	15¼	15¼	+¼
17⅞	13⅞	AMF	.50	3.2	88	363	15⅞	15½	15⅞	
39¼	24¼	AMR			8	12908	37⅞	36½	36⅞	+⅝
20⅞	16⅞	AMR	pf2.18	11.		86	20¼	19⅞	20⅛	+¼
39⅞	27⅞	AMR	pf2.13e	0.8		23	37	36⅞	36½	+¼
25⅞	22⅞	ANR	pf2.67	10.		13	25½	25⅜	25½	+¼
14¼	6½	APL			9	54	11⅞	11⅞	11⅞	+⅛
69¼	44¼	ASA	3	6.0		506	51⅞	50¼	50⅞	−½
27	13	AVX	.32	1.3	19	824	25⅛	24¼	24½	−½
48¼	36⅞	AbtLab	1.20	2.6	14	2371	47⅞	47	47⅞	−¼
25⅞	16½	AccoWd	s.44	1.7	20	290	25⅞	25	25¼	
24½	12½	AcmeC	.40	2.2		335	19	18¼	18½	−½
11½	8¼	AcmeE	.32b	3.2	12	26	10¼	10⅛	10⅛	−⅛
17⅞	10	AdaEx	2.11e	13.		20	16⅞	16⅞	16⅞	
18⅞	17⅞	AdmMl	.32	1.8	9	31	17⅞	17½	17⅞	+⅛
19½	6⅞	AdvSys	.811	8.4	21	168	12⅞	12¼	12⅞	+⅛
41⅞	25⅞	AMD			14	2131	35⅞	34⅞	34⅞	+⅜
12⅞	6⅞	Advest	.12	1.1		297	11	10⅞	11	+½
13¼	8⅞	Aerflex			13	288	u13⅞	13⅞	13⅞	+⅜
42⅞	27¼	AetnLf	2.64	6.4	34	34227	42	41	41⅛	−⅞
58¼	52½	AetL	pf6.87e	11.		15	55⅞	55½	55⅞	+⅛
32⅛	15⅞	Ahmns	1.20	4.1	17	709	26	29⅞	29⅞	−¼
4⅞	2⅞	Aileen			81	305	3⅛	2⅞	3⅛	+¼
50	35½	AirPrd	1.20	2.5	11	2314	48⅞	48¼	48⅞	
28	13	AirbFrt	.60	2.6	13	350	23⅞	22½	23	+½
9	2⅞	AlMoa	s		27	21	1⅞	1⅞	1⅞	+⅞
31½	26⅞	AlaP	pfA3.92	13.		7	31⅞	31⅞	31⅛	+⅛
7½	6	AlaP	dpf.87	12.		31	7½	7⅜	7½	
102	85¼	AlaP	pf 11	11.		z50	99⅞	99⅞	99⅞	−1¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37⅞	22⅞	AmWtr	1.20	3.2	19	566	37½	37	37⅛	+¼
34	29½	AmW	pf3.75	11.		z20	64	34	64	
31⅞	18⅞	ArcCp	1.20	3.8	8	62	u31⅞	31⅞	31⅞	+⅛
26½	13¼	ArowE	.20	1.9	8	164	16⅞	16⅞	16½	−⅛
22	16	Artra	.22	1.1		45	21	20½	20½	−½
23⅞	14	Arvin	s		8	568	22¼	21½	22⅞	+⅛
54¼	34⅞	Arvin	pf 2	3.8		32	53¼	51½	53¼	+1⅞
34½	17⅞	Asarco				438	22	21⅞	21⅞	
29¼	20⅞	AshlOil	1.80	5.9		349	23	28⅞	28⅞	−⅛
42½	33⅞	AshlO	pf4.50	11.		215	41⅞	41⅞	41⅞	−⅛
40⅞	31½	AshlO	pf3.96	10.		34	38⅞	38⅞	38⅞	+⅛
61½	45⅞	AsdDG	2.80	4.9	9	835	57⅞	57	57⅞	−⅛
25⅞	18⅞	Athlone	1.60	7.0	11	6	23	22⅞	22⅞	−⅛
25⅞	19⅞	AtCyEl	2.48	9.9	8	79	u25⅞	24⅞	25⅞	+½
52½	40⅞	AtlRich	3	6.5	21	4773	46	45⅞	46	+½
125	97	AtlRc	pf2.80	2.5		2	190	109	190	+½

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
9¾	7½	WaltJ	pf 1	11.		y50	8⅞	8⅝	8¾	
28⅞	17¾	Warnco	.88	4.2	10	91	20⅞	20¼	20⅞	+ ⅛
28¼	17	WmCm				2168	25⅝	25¼	25½	
37⅞	28⅝	WarnL	1.48	4.0	16	2613	37¼	36⅝	36¾	−¼
19⅞	14⅝	WashG	u1.60	8.3	6	246	19⅞	19⅝	19⅞	
28⅞	15⅝	WshNat	1.08	4.9	14	362	u27⅛	26¼	27	+ ⅛
20¼	18	WshWt	2.48	12.	6	280	u20⅛	20	20⅛	+ ⅛
50¼	27¼	Waste	.86	1.6	19	1306	50½	50	50¼	+ ¼
25⅝	18	WatkJn	.32	1.2	12	370	u27	26⅝	27	+1
13½	6⅞	WayGos	.20	1.9	11	3	10½	10½	10½	+ ⅛

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWITZERLAND

[illegible]

SWEDEN

Feb. 7	Price Kronor	+ or −
[illegible]		
Atlas Copco	110	−1
Cardo (Free)	980	−10
Cellulosa	151	−1
Electrolux B	503	+0
Ericsson	299	−4
Esselte	599	......
Mo Och Domsjo	281	......
Pharmacia	812	−1
Saab Scania Free	480	−10
Sandvik	385	−10
Skandia	303	......
Skan Enskilda	00	−1.0
SKF	194	−1
St Kopparbergs	165	−3
Sven Handlesbn	176	−3
Swedish Match	241	−5
Volvo B (Free)	290	−0

AUSTRALIA

Feb. 7	Price Aust $	+ or −
ANZ Group	4.75	......
Alliance Oil Dev.	1.05	......
Ampol Pet.	1.77	+0.02
Ashton	0.89	+0.02
Aust Cons Ind.	1.93	+0.01
Aust. Guarantee	2.6	−0.05
Aust. Nat. Inds.	2.66	+0.01
Aust. Paper	2.8	−0.05
Bell Group	0.26	+0.02
Bell Res.	4.65	......
Bond Corp Hldgs	1.28	......
Boral	3.35	−0.01
Bougainville	1.9	−0.05
Brambles Inds.	3.7	......
Bridge Oil	9.20	......
B.H. Prop.	0.26	+0.02
CRA	6.28	−0.1
CSR	3.03	+0.01
Carlton Utd.	4.30	......
Castlemaine Tys.	4.79	+0.05
Coles (G.J.)	4.1	......
Comalco "A"	2.42	+0.02
Consolidated Pet	0.5	−0.01
Costain Aust	1.3	......
Dunlop Aust.	0.9	−0.01
Elders IXL	3.06	−0.05
Energy Res.	1.40	+0.02

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

Feb. 7	Price Yen	+ or −
[illegible]		
Canon	1,370	......
Casio Comp.	1,790	−10
Chugai Pharm.	1,040	+10
Citizen	870	+20
Daiei	630	......
Dai Nippon Ptg.	993	−0
Daiwa House	567	+33
Ebara	349	+8
Eisai	1,090	+60
Fanuc	10,960	+90
Fuji Bank	1,390	−90
Fuji Film	1,790	+30
Fujisawa	1,090	+10
Fujitsu	1,340	+30
Green Cross	1,900	−30
Hasegawa	360	+3
Heiwa Real Est.	605	......
Hitachi	960	......
Hitachi Credit	1,090	+10
Honda	1,430	+20
House Food	680	−0
Hoya	0,110	−20
Itoh (C)	330	−1
Ito. Yokado	0,550	+20
Iwatsu	1,340	−20
JACCS	320	−4
JAL	6,330	+470
Jusco	725	−3
Kajima	270	−1
Kao Soap	822	+2
Kashiyama	609	+2
Kirin	560	−4
Kokuyo	911	−0
Komatsu	450	+0
Konishiroku	718	+0
Kubota	320	−8
Kumagai	518	+38
Kyoto Ceramic	5,780	+150
Maeda Const.	470	......
Makino Milling	1,300	−10
Makita	1,220	+70
Marubeni	304	+1
Marudai	647	+8
Marui	1,000	−10
MEI	1,570	+40
M'ta Elec Works	650	+4
M'bishi Bank	1,390	−10
M'bishi	622	+1
M'bishi Elec	396	+4
M'bishi Estate	558	+13

JAPAN (continued)

Feb. 7	Price Yen	+ or −
MHI	240	+1
Mitsui Co.	529	+1
Mitsui Estate	523	......
Mitsukoshi	390	+1
NGK Insulators	039	+29
Nihon Cement	991	......
Nippon Denso	1,320	−40
Nippon Elect	1,195	......
Nippon Express	336	+3
Nippon Gakki	2,180	+100
Nippon Kokan	133	−2
Nippon Oil	829	+1
Nippon Seiko	031	+1
Nippon Shimpan	540	−10
Nippon Steel	145	−1
Nippon Suisan	330	−3
NTV	11,960	−40
Nippon Yusen	340	......
Nissan Motor	608	+0
Nisshin Flour	480	......
Nisshin Steel	169	+1
Nomura	885	−0
Olympus	1,270	+50
Orient Leasing	3,000	−50
Pioneer	3,200	......
Renown	660	+8
Ricoh	900	+10
Sankyo	1,120	+50
Sanyo Elect.	474	+10
Sapporo	400	+1
Sek'sui Prefab	557	+2
Seven-Eleven	6,050	......
Sharp	1,080	+00
Shimadzu	809	+10
Shionogi	710	−7
Shiseido	1,070	......
Sony	4,130	+40
Stanley	883	+9
S'tomo Bank	1,950	+40
S'tomo Elect.	909	+4
S'tomo Marine	570	+20
S'tomo Metal	146	......
Taihei Dengyo	470	......
Taisei Corp.	100	+0
Taisho Pharm.	1,150	+20
Takeda	785	−9
TDK	0,620	+30
Teijin	440	+13
Teikoku	545	......
Tokyo Marine	707	+0
TBS	855	−2
Tokyo Elect Pwr	1,000	−10
Tokyo Gas	102	......
Tokyo Sanyo	700	......
Tokyo Style	740	−5
Tokyu Corp.	325	−3
Toppan Print	848	−7
Toray	449	+2
Toshiba Elect.	425	+13
TOTO	625	......
Toyo Seikan	873	−17
Toyota Motor	1,290	......
Victor	0,130	−20
Wacoal	717	......
Yamaha	750	−5
Yamanouchi	4,075	+20
Yamazaki	634	+2
Yasuda Fire	553	+5
Yokogawa Bdge.	422	+0

SINGAPORE

Feb. 7	Price $	+ or −
Boustead Hldgs.	1.71	+0.07
Cold Storage	0.07	−0.08
DBS	8.95xa	+0.1
Genting	5.4	+0.05
Haw Par. Bros.	2.30	+0.12
Hong Leong Fin.	3.20	−0.02
Inchcape Bhd.	3.64	+0.11
Keppel Shipyard	1.71	+0.07
Malay Banking	0.0	+0.1
Malay Utd. Ind.	2.3	−0.02
Multi Purpose	0.99	......
OCBC	0.10	−0.1
OUB	3.9	......
Public Bank	1.07	−0.21
Sime Darby	1.91	+0.01
Singapore Press	8.45	+0.05
Straits Trdg.	4.64	−0.02
Tat Lee Bk.	9.76	−0.01
UOB	4.3	+0.04

SOUTH AFRICA

Feb. 7	Price Rand	+ or −
Abercom	1.3	−0.1
AE&CI	7.15	......
Allied Tech.	46.5	......
Anglo Am Coal	45.5	......
Anglo Am Corp.	23.8	−0.45
Anglo Am Gold	163.5	......
Barclays Bank	15.25	+0.25
Barlow Rand	0.85	−0.15
Buffels	66.5	−1.25
CNA Gallo	2	......
Currie Finance	3.3	......
De Beers	8.6	−0.22
Driefontein	49	......
FS Geduld	42.75	......
Gold Fields SA	27.5	−0.0
Highveld Steel	4.05	−0.05
Nedbank	9.95	+0.05
OK Bazaars	13.25	−0.25
Protea Hldgs.	1.3	......
Rembrandt	30	......
Rust Plat.	15.75	−0.25
Safren	19	......
Sage Hldgs.	0.6	......
SA Brews	5.1	......
Smith (CG)	19	......
Tongaat Hulett	5.2	......
Unisec	4.6	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices February 7

[illegible]

We regret Montreal prices were not available for this edition, due to a communication failure.

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 11¾% 1989	£99⅝	+½
Ex 12% 2013/17	£115⅞	+1⅛
Tr 2½% I.L. 2011	£103⅞	+⅞
Aaronson Bros.	94	+13
Assoc. News	790	+50
Bass	516	+22
Burton	451	+9
Combined Eng S.	99	+7
Dixons Group	582	+37
Flextech	88	+21
Geers Gross	170	+16
Gencor	£11⅜	+1⅛
Grand Met	307	+12
House of Fraser	338	+10
Imperial Group	213	+8
Jaguar	322	+17
Lep Group	273	+18
Pilkington Bros.	323	+13
RTZ	657	+12
Ti	228	+14
Telephone Rent.	215	+16
Ward Hldgs.	140	+14

FALLS

Appl. Computer	217	−13
B. McConnell	263	−15
Falcon Resources	443	−57
Kode Intl.	175	−10
Nott. Manufg.	246	−6
Thorn EMI	450	−10
WW Group	180	−30
Western Mining	222	−11

Continued on Page 38

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Gilt-edged stocks surge higher on heavy inflows of domestic and overseas cash

Account Dealing Dates

*First Dealings	Option Declara-tions	Last Dealings	Account Day
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government securiites assumed full control of London stock markets yesterday as heavy inflows of overseas and domestic institutional cash swept quotations higher. Demand was directed at longer-dated Gilts, some of which rose 1¾ points, but all maturities displayed strength despite substantial sales by the authorities.

The recently-created £200m tranche of Treasury 10½ per cent 1989 was exhausted at 95¾ and the remainder of the Treasury 12 pe rcent 1995 went at 100¼. The Government broker also sold part of the £150m issue of Treasury 2½ per cent index-linked 2003, at 98¾, and supplies of the specialist low-coupon Exchequer 2½ per cent 1987, at 86⅛, before withdrawing to await a higher bid.

Investors were unperturbed by the obstacle of high levels of UK interest rates and demand continued throughout official market hours into the late trade. Buying was spurred by sterling's slow improvement against a dollar which was still strong against other leading currencies. American funds led the overseas cherge on Gilts yesterday.

The ultra-long Exchequer 12 per cent 2013-17 reached 115¼ in the after-hours' business for a net gain of 1¾ points, while other longs echieved rises of 1½ points. Shorter maturities were restrained by current rates for credit and closed around ¼ higher, while similar improvements were scored by index-linked issues.

Wall Street's lacklustre performance overnight made for early caution in the equity sector. Most leading shares hovered either side of Wednesday's closing prices before following the Gilt-edged market's upsurge. Some individual features developed but the sector in general was overshadowed by the events elsewhere.

Little "new-time" interest for the trading Account starting on Monday was reported and only a light demand was aroused by New York's renewed buoyancy early yesterday. Illustrating the day in London, the FT Ordinary share Index began unchanged but gradually improved to close 5.9 up at the session's highest of 989.2.

RBS up again

Trade in the banking sector was at a fairly low ebb. Royal Bank of Scotland rose 4 more for a two-day gain of 10 to 270p, after 274p, now that the proposed merger with Charterhouse Japhet is not to be referred to the Monopolies Commission; RBS is scheduled to go ex the rights issue on Monday. Elsewhere, the announcement that Charterhouse J. Rothschild was selling its 29.9 per cent stake in stockbroking concern Kitcat and Aitken to Orion Royal Bank lifted CJR to 110p before a close of 109p, up 4 on balance. Goode Durrant and Murray cheapened 3 to 48p following lower profits, but Moorgate Mercantile encountered speculative support and rose 2½ to 32p.

Breweries returned to favour and displayed some noteworthy gains. Grand Metropolitan advanced to 310p before closing 12 up on balance at 307p following the encouraging tenor of the chairman's review, which aided sentiment throughout the sector. Bass, additionally buoyed by bullish notices emanating from a lunch with brokers Fielding Newson-Smith, were 22 higher at 510p. Arthur Guinness improved 5 to 241p; the bid for Neighbourhood Stores has been declared unconditional.

Secondary issues continued to provide the noteworthy movements in Buildings. Ward Holdings' issues revived strongly, the Ordinary and "A" gaining 14 apiece to 140p and 138p respectively on "new time" buying ahead of the annual results expected shortly. Marchwiel, also reporting soon, firmed 4 to 286p, while USM-quoted Access Satellite, which recently revealed good interim figures, rose the same amount to 204p.

ICI, a strong market recently on buying ahead of the preliminary results due at the end of the month opened a shade easier at 865p, but picked up to 874p on a combination of domestic and American demand before drifting off to close 7 cheaper on balance at 863p. The Chemical sector's current bid favourites attracted fresh interest, Yorkshire rising 5 to 76p and William Canning adding 4 for a two-day gain of 12 to 106p. Elsewhere, William Ransom firmed 6 to 248p following satisfactory interim results.

Woolworth firm

Leading Retailers responded to steady demand and displayed good gains across the board. Woolworth, on asset value considerations, led the way with a gain of 28 to 615p, while Gussies "A" advanced 17 to 712p. Improvements of 9 and 10 respectively were seen in Burton, 451p, and House of Fraser, 338p. Habitat put on 4 to 358p as did British Home, to 254p, the latter being helped by a broker's recommendation. Profit-taking in the absence of the rumoured bid from Hanson Trust brought Debenhams back to 210p, but speculative buying soon resumed and the price settled a net penny dearer at 217p. Secondary issues featured Body Shop, 55 better at 640p on the annual report, while Dixons jumped 37 to 582p. Combined English Stores rose 7 to 99p, Harris Queensway 6 to 192p and John Menzies 7 at 227p. In contrast, WW were marked down 30 to 180p on the late news that the bid discussions with an unnamed concern had been terminated. Among Shoes, Stylo rose 8 to 178p following renewed speculative buying.

Leading Electricals showed little sign of shaking off the recent depression. British Telecom managed a gain of a penny to 125p, but Racal continued to drift lower and closed 4 down at 194p. Thorn EMI, still reflecting talk of a possible consortium bid, moved ahead to 473p before reacting sharply to close 10 lower on balance at 460p. Telephone Rentals advanced 10 to 215p on revived bid hopes, but high technology stock came under selling pressure and falls of around 10 were sustained by Electrocomponents, 307p, and Kode, 175p. USM counter Checkpoint fell 35 to 160p on scattered selling and lack of support.

Engineering leader TI quickly shook off Wednesday's depression prompted by several down-graded profits estimates and amid renewed talk of a large share stake changing hands advanced to 230p before settling at 228p for a net rise of 14. Vickers returned to favour and put on 6 to 233p; the preliminary figures are due on February 25. Dewhurst, MI. Holdings rose 7 to 352p on the £6.8m signal system contract, while Bromsgrove Castings hardened 2 to 82p after the extraordinary general meeting. Whessoe revived with a rise of 4 to 92p.

Buying interest continued in the Food sector, but gains were modest. Bid candidate United Biscuits were up 4 more at 201p, while Avana rose 7 to 603p and Iceland Frozen Foods moved up 8 to 433p.

Booker dip and rally

Many miscellaneous industrial leaders were a shade easier at the close, but buying ahead of the half-year figures, due next Wednesday, left BOC 6 to the good at 291p, after 295p. Elsewhere, Booker McConnell dipped sharply to 250p on the appearance of a large seller before recovering to close 15 lower on balance at 263p; the setback gave rise to talk that Dee Corporation, up 6 at 212p, had sold part of its stake in the company; earlier in the week, Booker had risen sharply on hopes that Dee would renew its offer. Further demand in a market none-too-well supplied with stock left Lep Group 18 up at 273p, while James Wilkes rose 10 to 195p on the sale of Wilkes-Cerdac and James Wilkes (Ireland). Aaronson, reflecting the good results, advanced 13 to 94p, while Kean and Scott improved 4 to 54p in response to the dividend forecast. Barco Dean rose 3 to 17p after the results and the proposed sale of its kitchen furniture business to Magnet and Southerns. Pilkington, still mirroring a broker's upgraded profits forecast, advanced 13 more to 323p. Barton Transport moved up 40 to 190p in a restricted market following comment in a newsletter. Metal Closures, an old bid favourite, put on 6 to 160p.

Among travel issues, Owners Abroad attracted speculative interest and touched 25½p before profit-taking left the close ½ cheaper on balance at 22½p. Horizon Travel firmed 4 afresh to 132p as bid rumours lingered. Elsewhere, Leisuretime International closed 4 higher at 59p, after 62p, following the annual results.

Persistent buying of Jaguar was aroused by talk that a broker was recommending purchases of the shares up to the 400p level and the price ended 17 higher at a 1984-85 peak of 322p.

A Press report that Associated Newspapers was considering floating off its North Sea oil subsidiary, Blackfriars Oil, induced further demand for AN, which jumped 50 to 790p. Daily Mail "A" rose 1½ points to £13 and International Thomson appreciated 15 to 610p, both in sympathy. Among Paper/Printings, Geers Gross gained 16 to 170p on the announcement that Eurocom, Paris, was to take a 10 per cent stake in the company. Trade Promotions edded 4 to 84p following the reduced interim deficit and accompanying encouraging remarks about second-half prospects.

Significant movements in Properties were few, but Stock Conversion gained 7 to 430p, after 433p, on a report that a sizeable stake may have changed hands. Further consideration of the Churchill Hotel leasing deal helped Peachey firm 3 to 248p.

Selective buying of Textiles left David Dixon 10 up at 162p and Dawson International 8 to the good at 296p. Don Brothers Buist, helped by call option activity, jumped 17 to 180p, while Illingworth Morris rose 4 more to 63p and the "A" 3 further to 61p. Courtaulds put on 3 to 147p, but Nottingham Manufacturing declined 6 to 246p on small selling ahead of Monday's preliminary results.

Talk that Imperial Group will announce the sale of its Howard Johnson U.S. subsidiary with next Thursday's interim results sparked a heavy buying of Imps which advanced strongly to 217p before closing a net 8 dearer on the day at 213p.

Flextech stood out among Financial Trusts, rising 21 to 88p in response to the bumper interim results and bullish comments regarding second-half prospects. Antofagasta advanced 20 to 305p following revived speculative demand in a thin market.

Falcon resources react

Oils were featured by Falcon Resources which attracted another hectic trade. Falcon, a strong market since the start of the year on Colorado drilling hopes, opened some 30 points below Wednesday's closing level of 500p and fell to 420p on the liquidation of speculative positions. Renewed demand took the price back up to 460p, before another bout of end-Account selling saw the price slip back again and the close was 57 down on balance at 443p. Profit-taking also left its mark on Great Western Resources, 20 down at 230p, ERIC, 15 lower at 195p.

The Oil majors lost some of their recent sparkle, but usually managed to recover from an early modest mark-down to close virtually unchanged. Shell however, settled 6 off at 752p and Britoil slipped 3 to 212p.

RTZ volatile

The South African Reserve Bank's measures, announced last week, aimed at protecting the domestic currency, continued to underpin the Rand which made another encouraging showing on Wednesday, this effectively inhibited Johannesburg selling and led dealers in London to mark Gold share prices higher across the board.

Thereafter, sporadic selling of top-quality stocks by Swiss sources prompted London offerings which were easily absorbed and the FT Gold Mines index posted its third consecutive rise to close 9.3 up at 497.1.

Bullion failed to provide a definite lead, closing $1 lower at $302 an ounce.

Among Heavyweight Golds, Randfontein improved 2⅞ more to £82⅞, while Vaal Reefs, £82¼, Western Deep, £33⅞, and Kloof, £32½, all showed gains to over a point. Smaller-priced issues had Elandsrand 42 better at 638p and Grootvlei 20 dearer at 728p.

The gold/antimony producer Consolidated Murchison rose 50 to 500p.

South African Financials also made progress across a broad front. Gencor were outstanding and advanced 1⅜ to £11⅜ on the efforts of a single Continental buyer, while scattered support was evident for "Johnnies," 4½ up at £80½, and Transvaal Consolidated Land, a point better at £27½. New Wits, which revealed sharply higher first-half earnings earlier this week, rose 54 to 459p, while fresh speculative demand lifted Rand London 7 to 30p. De Beers revived and closed 9 up at 412p, while "Amamint" firmed 1½ to £43½.

London-based Financials featured renewed enthusiasm for RTZ which, helped by the recent buoyancy of the copper price, attracted substantial traded option turnover and in a lively business, touched 674p before settling below the best but still 12 better on the day at 657p.

In sharp contrast, Down-under issues lacked confidence reflecting renewed pressure on the Australian dollar. Double-figure losses were common to CRA, 362p, Peko-Wallsend, 288p, and Western Mining, 222p, while MIMS dipped 8 at 181p. Golds also turned easier.

Substantially increased demand for Traded Options resulted in 13,115 contracts being struck — well above levels prevailing earlier in the week. Much of the day's excitement centred on Imperial Group, which recorded 4,453 calls with 1,940 done in the February 180's, 8 up at 37p, and 1,781 done in the February 200's, 7 better at 13p. Imps also recorded 530 puts. The interim figures are expected next Thursday. Jaguar remained lively and attracted 1,734 calls, 1,050 of which were struck in the popular March 300's, 9 better at 26p. Elsewhere, operators displayed fresh interest in RTZ positions which accounted for 945 calls with the February 650's doubling in price to 33p.

FINANCIAL TIMES STOCK INDICES

	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 1	Jan. 31	year ago
Government Secs.	80.24	79.56	79.63	79.07	79.87	80.09	82.37
Fixed Interest	83.88	83.81	83.50	83.10	83.44	83.79	87.13
Ordinary	989.2	983.3	982.4	968.5	977.5	986.1	801.3
Gold Mines	497.1	487.8	474.3	473.5	482.0	482.6	303.8
Ord. Div. Yield	4.36	4.37	4.36	4.48	4.46	4.36	4.31
Earnings, Yld.% (full)	10.82	10.06	10.07	11.15	11.06	10.96	2.49
P/E Ratio (net)	11.05	11.00	10.95	10.77	10.87	10.97	12.88
Total bargains (Est.)	24,990	26,713	24,505	24,709	26,356	25,499	23,313
Equity turnover £m.	—	379.16	379.94	446.54	396.30	333.51	294.72
Equity bargains	—	21,588	20,980	20,779	18,736	21,403	20,098
Shares traded (ml)	—	182.3	190.8	182.8	146.6	179.2	167.0

10 am 983.3. 11 am 987.5. Noon 988.1. 1 pm 987.3. 2 pm 988.1. 3 pm 988.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=10.68.

HIGHS AND LOWS | S.E. ACTIVITY

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Sec.	83.77 (9/1/84)	75.70 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.65 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	40.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	420.3 (25/1/85)	734.7 (15/2/83)	43.3 (26/10/71)

	Feb. 6	Feb. 5
Daily Gilt Edged Bargains	140.4	154.6
Equities Bargains	139.8	135.9
Value	766.5	767.9
5-day Average Gilt Edged Bargains	154.1	137.7
Equities Bargains	133.1	136.3
Value	590.4	720.7

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Feb 7 1985 — Wed Feb 6 — Tues Feb 5 — Mon Feb 4 — Fri Feb 1 — Year ago (approx.)

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

PRICE INDICES — AVERAGE GROSS REDEMPTION YIELDS

[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 63,659.

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Introduction. □ Unlisted Securities Market. ‡ Placing price. † Official London Listing. †† Dealt in under Rule 535(3). † Comprising 100 Int. and one Pfg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 4	Feb 15	May 9	May 20
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24

For rate indications see end of Share Information Service

Stocks favoured for the call included Bryant, Brammer, Readicut, A. G. Stanley, Don Brothers Buist, Debenhams, BSG International, Churchill, Falcon Resources, Amalgamated Estates, New Court Natural Resources, Process Systems, Combined Technologies, Eglinton Oil and Gas, AB Electronic, Plessey, Premier Oil, Polly Peck, Chloride, BSR, STC, Birmid Qualcast, Pritchard Services and Grovebell. A put was struck in Stylo, while a double was arranged in Barratt Developments.

ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	Closing price	Day's change
Aaronson Bros.	94	+13
Body Shop Intl.	640	+55
Booker McConnell	263	−15
Dixons Group	582	+37
Falcon Resources	443	−57
Geers Gross	170	+16
Imperial Group	213	+8
Jaguar	322	+17
Pilkington Bros.	323	+13
RTZ	657	+12
TI	228	+14
Thorn EMI	450	−10

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

[illegible]

† Price at suspension.

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (192)

[illegible]

NEW LOWS (12)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	36	8	[illegible]

[illegible]

LONDON TRADED OPTIONS

[illegible]

Feb. 7. Total contracts, 13,115. Calls 11,405. Puts 1,710.

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¼	99⅞	Exch 12pc Cnv '85	99⅞		12.04	14.34
97¼	93⅜	Treas 3pc 1985	97½	+⅛	3.08	12.22
102⅝	99¼	Treas 11½pc 1985	99⅝		11.54	12.43
99¼	96⅛	Treas 8¾pc Cnv '85	98⅛xd		8.91	12.17
104⅛	99½	Exch. 12¼pc 1985	100⅛		12.24	11.97
103⅞	99⅛	Exch. 11¼pc '86	99⅞xd		11.77	11.90
102⅛	96⅛	Treas. 10pc Cnv 1986	97⅞	+⅛	10.21	11.89
93¼	88¼	Treas 3pc 1986	93½	+⅛	3.21	8.48
102	96¼	Exch. 10½pc Cv '86	98⅛	+¼	10.69	11.88
104⅛	99⅛	Treas 12pc 1986	100⅛	+⅛	11.99	11.90
98¼	93½	Treas 8½pc 1984-86‡‡	96¼	+⅛	8.83	11.44
100⅞	102⅛	Exch. 14pc 1986	103¼	+⅛	15.54	11.80
89⅞	85	Exch. 2½pc 1986	88⅝		2.82	9.57
107⅞	100⅞	Exch. 13¼pc 1987	102⅝	+⅛	12.91	11.69
100⅞	94½	Treas 10¼pc Cv '87	97⅝xd	+¼	10.50	11.62
87¼	83¼	Exch 2½pc 1987	86⅞xd	+⅛	2.88	9.86
101⅛	94½	Exch. 10½pc 1987	97⅝	+⅛	10.76	11.75
92¼	87	Funding 6½pc '85-87‡‡	90½	+⅛	7.19	11.51
99⅝	92⅞	Treas. 10pc 1987	96½	+⅛	10.36	11.73
86⅝	81⅛	Treas 3pc 1987	85⅞	+⅛	3.50	9.76
105	97¼	Treas. 12pc 1987	100½	+¼	11.94	11.74
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	92¼	+⅛	8.48	11.25
100¼	92⅞	Exch 10½pc '88	96⅞	+⅛	10.86	11.74
98⅛	89⅞	Treas 9¾pc Cv '88	94⅞	+⅛	10.30	11.78
82⅛	77	Transport 3pc '78-88	81⅝	+¼	3.68	9.46
96⅞	88⅛	Treas. 9½pc '88	93¼	+⅛	10.19	11.78
106¼	94⅞	Treas 11½pc 1989	99⅞xd	+½	11.55	11.65
96⅞	87⅞	Treas 9½pc Cnv. '89	92½	+⅛	10.24	11.72
99⅝	90⅞	Treas 10½pc 1989	95⅞	+⅛	10.94	11.70
100⅛	88⅝	Exch 10pc 1989	94	+⅛	10.64	11.77
101⅛	94¼	Exch 11pc 1989	97	+½	11.34	11.83
85¼	77½	Treas 5pc 1986-89	80½	+¼	6.21	10.35

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

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High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
956	450	Cons. Merch. 10c.	500	+50	†Q100c	14	8.9
37	25	‡Ennex Int. Ir10p	35		—	—	—
252	150	Hampton Areas 10p	192		3.75	2.1	2.6
225	140	♥Highwood Res	180		—	—	—
£24½	£16	Homestake Mining $1	£21⅛	+⅛	Q20c	—	0.9
295	135	♥McFinley Red Lake	213	+3	—	—	—
240	101	♥Mosto Explorations	230	−3	—	—	—
56	23	♥New Sabina Res C$1	25	+2	—	—	—
365	220	Northgate C$1	325	+5	—	—	—
718	500	RTZ	657	+12	718.0	2.7	3.9
£155½	£113½	Do. 9⅛pcLn '95-2000	£142	+3½	Q9½%	35.4	—
£13	850	♥Tara Expen $1	£12⅝	−¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable, bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a)
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ∅ Price at time of suspension
- • Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ✣ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated
- ◆ Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	90		Arnott	152	
Craig & Rose £1	£10	−1	CPI Hldgs	57	
Finlay Pkg. 5p	61		Carroll Inds.	200	−1
Higsons Brew	110		Dublin Gas	65	
Holt (Jos) 25p	340		Hall (R. & H.)	49	+2
IoM Stm. £1	135		Heiton Hldgs.	16	
IRISH			Irish Ropes	25	
Exch. 12% 1985	£99¼	+⅛	Jacob (W. & R.)	55	−10
Nat. 9¾% 84/89	£85		TMG	100	
Fin. 13% 97/02	£89½		Unidare	83	

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
Babcock	14	ICI	60	Brit Land	12
Barclays Bank	48	"Imps"	18	Cap Counties	18
Beecham	32	Jaguar	28	Land Secs	25
Blue Circle	45	Ladbroke	24	MEPC	28
Boots	13	Legal & Gen	50	Peachey	22
Bowaters	20	Lex Service	28	Samuel Props	14
Brit Aerospace	35	Lloyds Bank	46	Sterling Guar	5½
Brit. Telecom	11	Lucas Inds.	25	**Oils**	
Brown (J.)	3	Marks & Spcr	11	Brit Oil & Min	4
Burton Ord	39	Midland Bk	30	Brit Petroleum	42
Cadburys	14	NEI	8	Burmah Oil	18
Comm Union	19	Nat West Bk.	60	Charterhall	6
Courtaulds	12½	P & O Dfd.	36	Premier	5
Debenhams	17½	Plessey	17	Shell	60
Distillers	28	Polly Peck	26	Tricentrol	18
Dunlop	6	Racal Elect	18	Ultramar	10
FNFC	8½	RHM	11	**Mines**	
Gen Accident	45	Rank Org Ord.	32	Charter Cons	18
Gen Electric	17	Reed Intnl	50	Cons Gold	44
Glaxo	85	Sears	8	Lonrho	14
Grand Met	25	TI	20	Rio T Zinc	56
GUS 'A'	60	Tesco	20		
Guardian	60	Thorn EMI	35		
		Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

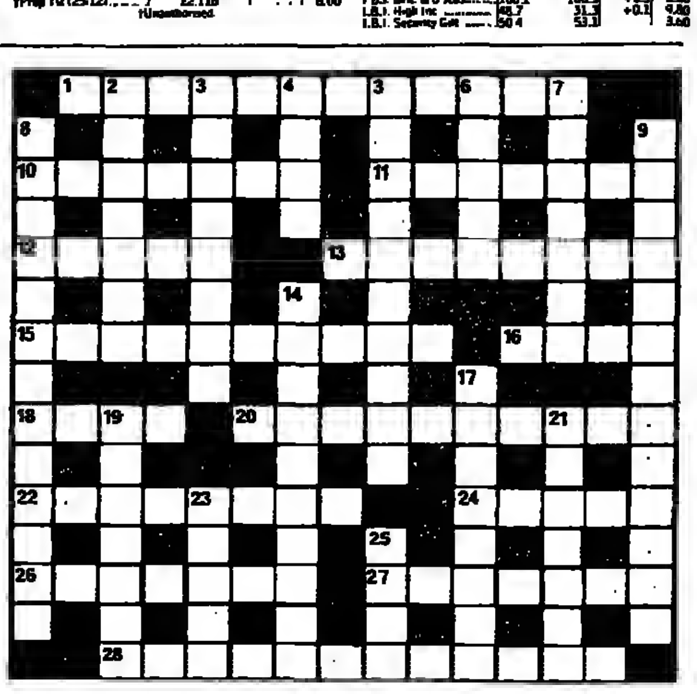
"Recent Issues" and "Rights" Page 31

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,639



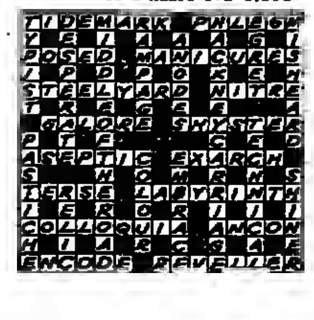
ACROSS

1 Insect on black stuff with length of chain (7,5)
10 Went to bed, hopefully with a handshake? (7)
11 Junior solver, North German shortly? (7)
12 Boat with Pole used for negative contacts? (5)
13 King's favourite — first of Georges, wearing a singlet? (8)
15 More than enough out of Yorkshire school (10)
16 & 18 Be a messenger and observe closely (4,4)
20 Get more valuable and be thankful? (10)
22 Go by ship to part of USA? That's all very fine! (8)
24 Awfully eager to share views? (5)
26 Gap high up? Splendid! (3-4)
27 Jew is British king, backward one (7)
28 Fellowship needed to see her point? (10)

DOWN

2 Separate sailor coming up to catch vermin (3-4)
3 Message about boy not having bare boards (8)
4 Boy in a whirl? (4)
5 Mnemonic for troubled pal, they cry (10)
6 Armistice for real round number (5)
7 Meal at the dons' table, possibly (4,3)
8 Rig this banana to give entertainments (7,6)
9 Border, well translated, suitable for perk (6, 7)
14 Crew that sounds polite? (10)
17 Religious picture about rotten pear gives protection against floes (3-5)
19 Drunkard goes to Southern locality (4-3)
21 Stuffy, with nothing on one's 'ead? (7)
23 & 25 An extended team is next (9)

Solution to Puzzle No 5,638



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $11.62 ... +0.01
Inv. Adv. M & G Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	127	73.3		3.10
Chinese Fund	58.0	61.2		1.70
Precious Metal Fund	71.4	74.3		8.30
Vanguard Cmdy Fd.	20.6	20.1	-0.3	0.00
Financial Futures Fd.	32.5	33.8		

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Dynamic Gwth Fd. ... $58.61 ... -0.01

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01 236 0952				
Call Fnd	13.60	14.23	6-mth	Call
7-Day Fnd	13.40	13.93	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.75	14.22	6-mth	Call
7-day Fund	13.93	14.41	6-mth	7-day
Money Mngt. Acc.	13.62	14.33	3-mth	Call
Dollar	7.25	7.38	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1F 2AY. 01-638 6070				
Treasury Acc	13.75	14.48	Qtr	Call
Mth. Int Chq	13.30	14.37	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc	13.00	13.80	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.75	13.37	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL 01-588 2777				
Cater Allen	13.25	16.09	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DU 01-248 3999				
Sterling	13.25	14.085	Mth	Call
U S Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	12.00	12.55	Qtr	Call
Over £1,000	14.00	14.75	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	13.00	13.80	Mth	Call
Lombard North Central PLC 17 Bruton St, W1A 3DU 01-409 3434				
Notice Dep	13.25	13.68	Rate	14-day
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc	13.25	14.10	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.60	13.20	Qtr	Call
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB 0708 66966				
High Int. Bk Acc	13.10	14.00	Daily	Call
Premier Acc	13.10	14.00	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	13.61	14.32	Qtr	Call
Money Acc	11.375	14.06	Qtr	Chq F
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	13.50	14.37	Mth	Call
Over £10,000	17.75	14.65	Mth	Call

NOTES. Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Alcoa shuts Jamaica bauxite refinery

By Canute James in Jamaica

THE ALUMINUM Company of America (Alcoa) is closing its bauxite refinery in central Jamaica because of a local glut of alumina. The move has shocked Jamaica, the world's third largest bauxite producer, which depends on the industry for two-thirds of its exports.

The 800,000 tonne per year refinery will cease production in a fortnight and be mothballed in July with 800 workers made redundant. The move comes a year after Alcoa spent U.S.$14m on refitting.

The company has complained in the past that costs at its Jamaican refinery were the highest of all its plants worldwide.

Mr Hugh Hart, Jamaica's mining minister, said the decision would cost the island's economy U.S.$38m per year in hard currency earnings and J$125m (U.S.$23m) in government revenue.

Alcoa is the second U.S. major to pull out of Jamaica in less than a year. It follows the termination of mining and shipping of ore by the Reynolds metals company.

Alcoa says it hopes the Jamaica closure is temporary, but local industry sources say the plant will be reopened only if the company can find a partner for a joint venture or if it is taken over by the Jamaican government.

Pechiney of France and Alusuisse have been mentioned as possible partners in a joint venture, but it is not clear if Alcoa has yet approached them.

The Jamaican industry is also threatened by doubts over the future of its largest refinery — a 1.2m tonne per year facility owned by Reynolds Kaiser and Atlantic Richfield.

Atlantic Richfield is divesting its assets in minerals, but there have been no takers for the company's share of the Jamaican plant. The other two partners are thought unwilling to carry on by themselves if there is no replacement for Atlantic Richfield.

European farm unions split over price cuts

BY IVO DAWNAY

EUROPEAN farm unions are divided over how to react to the EEC Commission's austerity farm prices proposals. More than a week after the plans are announced Copa, the unions' confederation, has still to agree on a response.

The row centres on whether the Copa secretariat was correct to abandon its traditional "objective method" of assessing the rate of price rises. This attempts to judge the appropriate level of increase in relation to farm incomes, input costs and national wage rises.

This year, Copa called for a rise of 4 to 5 per cent—below the 7.8 per cent figure, dictated by this formula, the first time it has done so. This has been attacked as a tactical error by unions from Italy, Greece and Ireland.

Several farm organisations from northern Europe have backed the move, however. They say a reduced claim was necessary given the Community's severe budgetary difficulties.

The issue was further confused by a request from Mr Frans Andriessen, the new farm commissioner, for Copa's opinions on reform of the Common Agricultural Policy.

Many farm unions believe that Copa should contribute to the debate, launched by the commissioner last week, so that farmers' voices are heard. Others say Copa should make clear its categorical opposition to any reform that puts farmers' incomes below market forces and budgetary constraints in the list of Community priorities.

New Caledonia plans to raise nickel production

BY JOHN EDWARDS, COMMODITIES EDITOR

LE NICKEL is planning to increase nickel output in New Caledonia in spite of the sabotage that forced the closure of the Thio mines there in November.

The government Service des Mines said it aimed to raise production in 1985 to 45,000 tonnes from 34,800 tonnes last year, Reuter reports from Noumea.

To make up for the loss of production at the Thio mines, Le Nickel has boosted output at its other major mine and stepped up purchases of ore from independent miners.

Nickel values dropped sharply on the London Metal Exchange yesterday following the news. Cash nickel lost £97.5 to £4,465 a tonne with the stronger trend in sterling encouraging selling.

Copper lost ground for the second day running after reaching a five-year peak on Tuesday. Higher grade cash copper closed £9 lower at £1,250.5 a tonne in the face of persistent selling.

In Paris the intergovernmental Council of Copper Exporting Countries (Cipec) marketing policy committee met yesterday to discuss ways of co-ordinating market intervention measures by member countries.

● A fall in the value of the dollar by at least 10 per cent should strengthen commodity markets this year, according to an annual review by brokers Rudolf Wolff.

It says the weaker dollar, combined with sustained global economic growth and the low levels of stocks of many industrial commodities, will lead to higher prices.

London futures volume falls in January

By Our Commodities Editor

TURNOVER on the London commodity futures market fell in January, according to figures issued by the International Commodities Clearing House yesterday. Total lots traded dropped to 361,983 compared with 429,635 in January 1984.

Cocoa remained the leading "soft" commodity futures market with a turnover of 125,148 lots in January, but this was well down compared with 158,015 traded in the same month a year ago.

Gas oil was the second biggest individual contract, recording its highest ever January volume of 74,244 (52,711) lots. On the International Petroleum Exchange, total turnover since the market started in April 1981 yesterday passed the 2m mark.

Meanwhile, trading volume on the London International Financial Futures Exchange (Liffe) moved strongly ahead in January to 323,918 lots against 137,240 last year.

● FRENCH cocoa grindings rose 1.8 per cent in the third quarter of last year to 11,070 tonnes from 10,870 tonnes in 1983, the Chocolate Manufacturers' Association said. Grindings in the first nine months of 1984 were 37,475 tonnes, up 4.4 per cent from the 35,905 tonnes in 1983.

● UK WHEAT exports in the first 26 days of January totalled 174,743 tonnes and barley exports 148,281 tonnes. This brought wheat exports since the season started on August 1 to 1,124,378 tonnes, a sharp increase on the 763,540 last season.

● THAILAND'S Cane and Sugar Corporation has postponed until after June delivery of 50,000 tonnes of raw sugar to three international trade houses. A corporation official said the delay of the shipments, originally scheduled for March/May, could provide his company with higher revenue if the world price goes up in the second half of the year.

Nancy Dunne on President Reagan's plans to cut subsidies

U.S. farmers fear a weeding out

THE REAGAN Administration might have bowed this week to Congressional pressure for emergency credit assistance to heavily indebted farmers, but it is sticking to its proposals for big spending cuts in the 1985 Farm Bill.

Mr John Block, the Agriculture Secretary, regards a shake-out of inefficient producers as inevitable. He will propose, among other things, lower loan rates, phasing out subsidies and an end to paid acreage set-aside programmes.

Mid-western legislators, who oppose most of the cuts, paint a bleak picture of U.S. agriculture should Congress agree to these proposals.

Senator Gary Hart of Colorado said: "We will have an agriculture industry. But it is a question of who will own it. What we have here is an unannounced policy of revolutionising agriculture. It would wipe out many of the 2.4m family farmers and turn their land over to large corporations."

Mrs Dona Shoup, a Missouri farmer's wife, spoke to senators on Capitol Hill last week. She told them that if Congress did not help the ailing farm economy "we are going to see one of the worst things in history we ever thought to happen."

Economists in the U.S. Agriculture Department see trouble in the short term if farm supports end. Eventually, however, they expect agriculture to emerge stronger than ever.

A recent report on the possible economic consequences of eliminating price and income supports produced by the department's economic research service, weighs the consequences of a free market, export-oriented policy.

Production would drop drastically and as many as 30m acres of marginal land could be taken out of production, it says. Farmers would then use less fertiliser, fuel and machinery.

The value of farm assets and farmer equity could decline more sharply than income, possibly reversing in one to three years time the gains of the 1970s.

Land values could fall sharply initially, reflecting their reduced earning capacity, so that farmers who finance their operations based on assets would have serious problems.

Many of the less efficient and most highly indebted operators would be forced into liquidation.

On the plus side, the report says prices would fall and demand for farm products could rise 25 per cent. Livestock producers could get cheaper feed.

The decision to operate without price supports "would signal U.S. unwillingness to continue to support world prices through stock adjustments" and would show its intent to become more price competitive.

Although industries supplying farms would experience an initial decline and then slower growth, the transportation, processing and marketing industries would benefit from the increase in marketing likely with lower commodity prices.

Farm support costs would decline, reducing the budget deficit which could help lower interest rates and the value of the dollar.

After five years without support, the report concludes, agriculture would be significantly smaller and have lower costs. "The farm sector would have made a difficult transition but would have emerged in a stronger position to compete with other sectors in the economy for resources and with other exporters internationally for export markets."

This view however, has several possible weaknesses. It assumes that lowering the cost of U.S. grains will offset the strong dollar [illegible] export markets [illegible] by no means a certainty [illegible] overproduction [illegible] competition.

It requires a recovery in the third world [illegible] again become [illegible].

It fails to deal with the problems of shaky farm banks, the fortunes of which may well be tied to those of their customers. The once-solid farm credit system, which is owned by and lends to commercially viable farmers is already strained. It reported 31 failures of federal lenders in the past 18 months and one of its district banks is in deep trouble.

Of nearly 3,000 banks in the Independent Bankers Association of America, more than half have 25 per cent of their loans in agriculture, and about 1,700 have more than 50 per cent of their loans in farming.

One bank economist said their difficulties would reach crisis proportions if land prices collapse. Should the administration fail to prevent a disorderly decline in farming, the institutions which serve the sector may not survive to finance the industry of the 1990s.

Dairy finds EEC aid for horse breeding

BY BRENDAN KEENAN IN DUBLIN

AN IRISH dairy co-operative faced with EEC milk production curbs is planning a novel diversification into horse breeding.

Irish equestrian authorities and the government were both surprised to find that the project qualified for EEC assistance.

The European Commission has already agreed to pay half the capital cost of I£1.5m (£1.3m) towards the establishment of a horse breeding and marketing centre by Bailieboro Co-op, which has 5,000 farmer members in County Cavan and surrounding districts.

The money will come from the EEC farm fund, Feoga, on the basis that the project represents a diversification and improved marketing of an agricultural product.

The equestrian industry in Ireland has been stunned by Bailieboro's coup. A recent article in The Irish Field magazine asked: "If such massive funding is available from the EEC why has it not been obtained before now? And how can a county Cavan dairy co-operative, with no previous association with horses, capture it when the industry has been starved of funds for years?"

Mr O'Brien merely chuckles at their discomfiture and points out that the co-operatives have been at the forefront in agricultural development for years.

Bailieboro itself provides milk for the highly successful Irish cream liqueur products.

Mr Paddy O'Brien, the managing director of Bailieboro, sees nothing strange in moving from dairy cows to half-bred horses destined for the show jumping arena.

Instead he sees a connection between improving the present haphazard and individual breeding of non-thoroughbred horses and the programme in the 1970s to upgrade dairy herds and increase milk production.

The scheme will help local farmers buy first class mares and to breed from quality stallions. Mr O'Brien believes participants, who could expect to get less than I£300 for the foals they breed as a sideline at present, could be producing animals worth up to I£1,500 in a few years' time. The co-operative's members will be asked to subscribe to the project but Mr O'Brien is seeking private investment as well and expects that he may end up with a joint venture.

The milk men of Cavan may have more shocks in store for the horse world. Mr O'Brien sees scope for up to five such centres in Ireland, to restore the country's reputation for top class show jumpers which, he says, has been lost to more professional breeders in Germany and Holland.

LONDON MARKETS

EARLY GAINS on the cocoa futures market were mostly erased later in the day. The May position reached £2,254 a tonne at one stage but finished the day only £1.50 up on balance at £2,231 a tonne.

Dealers attributed the early rise to speculative buying backed by trade interest. The gains were not followed through, however.

Coffee futures prices moved a few pounds lower at the opening, reflecting the overnight tone in New York, and eased further during the day. The May position closed £11.50 down at £2,382.50 a tonne. Dealers said chart patterns for coffee had been affected by the failure of the May position to sustain its break through the £2,400 a tonne barrier earlier in the week.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Feb. 7 1985	+ or −	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1140/1160	−15	$1102/1138
Copper			
Cash h Grade	£1250.5	−9	£1172.5
3 mths	£1273.25	−8	£1182.25
Gold troy oz	$302	−1	$304.5
Lead Cash	£337.5	−10	£373.5
3 mths	£341.25	−10.75	£328.5
Nickel			
Free Mkt	227/257c	−1	217/247c
Palladium oz	$129.85	+0.75	$116.50
Platinum oz	$274.25	−1.75	$216.25
Quicksilver	$295/305	......	$308/310
Silver troy oz	550.65p	−6.40	534.45p
3 mths	574.80p	−1.45	546.25p
Tin cash	£9945	−20	£9815
3 mths	£9913.5	−20	£9787
Tungsten	$78.27	−5.58	$81.75
Wolfram 22.04lb	$68/72	......	$68/70
Zinc	£753.5	−5.5	£715.5
3 mths	£755.25	−1.75	£706.75
Producers	$900	......	$900

	Feb. 7 1985	+ or −	Month ago
OILS			
Coconut (Phil)	$780u	−30	$905
Palm Malayan	$570x	......	$590
SEEDS			
Copra Phil	$460v	−5	$570
Soyabean (U.S.)	$261u	......	$248
GRAINS			
Barley Fut. May	£115.00	+0.35	£114.90
Maize	£148.00	+0.5	£144.50
Wheat Fut. May	£116.40	+0.30	£111.65
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. May	£2231	+1.5	£1970.5
Coffee Ft. May	£2382.5	−11.5	£2324.5
Cotton A Index	69.70c	......	71.85c
Gas Oil March	$226	+5	$221
Rubber (kilo)	64.5p	+0.5	63p
Sugar (raw)	$113.5u	−1.5	$104
Wooltops 64s	523pkilo	+2	488pkilo

‡ Unquoted. w March. x April. u Feb-March. v March-April. † Per 75-lb flask. s Nominal. c Cents a pound.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1256-.5	−4.5	1250-1	−9
3 months	1276.5-7	−3.5	1275-.5	−8
Settlem't	1255.5	−4.5	—	—
Cathodes				
Cash	1252-4	−7.5	1246-7	−8.75
3 months	1273-4	−3	1264-5	−12.5
Settlem't	1254	−7	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,256, 56.5, three months £1,268, 69, 70, 71, 72, 73, 74, 75, 76, 77, 76.5, 71. Standard: Cathodes: Cash £1,254, three months £1,273. Kerb: Higher Grade: Three months £1,276, 75. Afternoon: Higher Grade: Three months £1,270, 71, 71.5, 74, 73.5. Standard: Cathodes: Cash £1,246, three months £1,264. Kerb: Higher Grade: Three months £1,273, 72.5, 72, 71, 70, 71, 72. Turnover: 13,275 tonnes. U.S. Producers: 67-70 cents a pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	9950-9	−31.5	9955-6	−16
3 months	9945-55	−11.5	9949-51	−22.5
Settlem't	9959	−35	—	—
Standard				
Cash	9935-8	−36	9940-50	−20
3 months	9919-5	−14	9913-5	−17
Settlem't	9938	−37	—	—
Straits E.	$26.15	—	—	—

Tin—Morning: Standard: Cash £9,945, 40, three months £9,915, 10, 15, 12. High Grade: Cash £9,955, 50. Kerb: Standard: Three months £9,910. Afternoon: Standard: Three months £9,910, 15, 10. High Grade: Cash £9,955, three months £9,945, 50, 51, 52. Kerb: Standard: Three months £9,905. Turnover: 750 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	339-40	−2.75	337-8	−5
3 months	341.5-2	−4	341-.5	−2.5
Settlem't	340	−2.5	—	—

Lead—Morning: Three months £340, 40.5, 41, 40.5, 41, 41.5. Kerb: Three months £341.5, 41. Afternoon: Cash £337, three months £340, 39, 39.5, 40, 41. Kerb: Three months £340, 40.5. Turnover: 5,700 tonnes. U.S. Spot: 19-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	754.5-5	−5.75	755-6	−5.5
3 months	756.5	−2.25	756-.5	−1.75
Settlem't	755	−4	—	—

Zinc—High Grade Official/Unofficial prices: Cash am £748-765, pm £778-780. Three months am £786-788, pm £784-786. Settlement £786. Morning: Three months £756, 57, 56.5, 56. High Grade: Cash £788. Kerb: Standard: Three months £756. High Grade: Cash £792. Afternoon: Three months £754.5, 55.5. High Grade: Three months £788. Kerb: Three months £755, 56, 55, 54. Turnover: 6,575 tonnes. U.S. Prime Western: 43.00-43.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	973-4	−17.7	976-7	−15.5
3 months	1006-.5	−16.5	1009-.5	−12.7

Aluminium—Morning: Three months £1,015, 14, 10, 11, 10, 8, 8.5, 8, 7.5, 7, 6.5, 6. Kerb: Three months £1,007, 8, 6, 10, 10.5, 11. Afternoon: Three months £1,008, 10, 9.5, 9. Kerb: Three months £1,009, 10, 8, 8.5. Turnover: 17,275 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. unofficial	+ or −
	£	£	£	£
Spot	4500-9	−96.5	4460-70	−82.5
3 months	4530-8	−81.5	4507-10	−76.5

Nickel — Morning: Three months £4,555, 45, 35, 40, 35, 30, 32. Kerb: Three months £4,530, 40. Afternoon: Three months £4,535, 30, 25, 16, 10, 7. Kerb: Three months £4,510, 11, 14. Turnover: 1,686 tonnes.

GOLD

Gold fell $1 to $301¼-$302¼ on the London bullion market yesterday. It opened at $302¼-$302¾ and was fixed at $302.50 in the morning and $301.65 in the afternoon. The metal touched a peak of $302½-$303 and a low of $301¼-$301¾.

Turnover: 0 (0) lots of 100 troy ounces.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Feb.	—	—	—
April	—	—	—
June	—	—	—

GOLD BULLION (fine ounce) Feb. 7

Close	$301¼-302¼	(£270-270½)
Opening	$302¼-302¾	(£271¼-272)
M'n'g fix	$302.50	(£271.149)
Aft'n'n fix	$301.65	(£270.175)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$310¼-311½	(£278¼-279)
½ Krug	$160¼-161	(£145½-144¼)
¼ Krug	$81½-82¼	(£75-75¼)
1/10 Krug	$33¼-34	(£29¾-30½)
Mapleleaf	$310¼-311½	(£278¼-279)
New Sov.	$71¼-72	(£63¾-64½)
½ New Sov.	$41¼-44	(£38¾-39½)
Old Sov.	$72-75½	(£64½-66)
$20 Eagle	$459-495	(£415½-443¼)
Noble Plat	$289¼-285½	(£253-255¾)

SILVER

Silver was fixed 6.4p lower at 550.65p for spot delivery in the London bullion market yesterday. U.S. cent equivalents of the fixing levels were: spot 615.1c, down 4.9c; three-month 627.3c, down 5.45c; six-month 642c, down 5c; and 12-month 673.05c, down 4.65c. The metal opened at 555½-558½p (618-621c) and closed at 550½-553½p (615-618c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	550.65p	−6.40	550.5p	−6.5
3 months	567.35p	−7.45	568.5p	−6
6 months	584.20p	−7.40	—	—
12months	615.35p	−7.30	—	—

LME—(2,000 oz contract): cash 550.5p (557p); three months 568.5p (574.5p). Turnover: 0 (0).

Turnover: 85 (36) lots of 10,000 oz. Morning: large 2nd ring three months 568, 69.5, 69.1, 69. Kerb: large three months 568.5, 69. Afternoon: unimded. Kerb: large three months 566.

COCOA

After opening on a steady note and rallying to highs £24 up futures eased during the afternoon and closed unchanged, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	2213-2215	−1.5	2254-2200
May	2230-2239	+1.5	2254-2217
July	2211-2215	—	2232-2198
Sept	2191-2199	−5.0	2214-2191
Dec	2044-2047	−2.0	2049-2050
Mar	2028-2030	−5.5	2048
May	1980-2020	−15.0	2035

Sales: 5,278 (6,219) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for February 1: 107.06 (108.72); five-day average for February 8: 107.54 (107.60).

COFFEE

During a quiet opening the market traded £5-£10 easier, reports Drexel Burnham Lambert. Commission house buying fuelled a recovery before values returned to the daily lows on mixed selling as sterling rose and New York moved lower.

COFFEE	Yesterd'ys Close	+ or −	Business Done
March	2370-75	−5.5	2514-65
May	2382-83	−11.5	2395-82
July	2402-03	−16.5	2415-02
Sept	2420-21	−5.5	2421-18
Nov	2447-40	−8.0	2449-35
Jan	2405-36	−7.5	2440-30
March	2429-50	−5.5	—

Sales: 1,704 (2,289) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for February 5: Comp. daily 1979 138.88 (131.36): 15-day average 137.03 (136.89).

INDICES

FINANCIAL TIMES

Feb. 6	Feb. 5	M'th ago	Year ago
299.91	300.56	293.01	296.12

(Base: July 1 1952 = 100)

REUTERS

Feb. 7	Feb. 6	M'th ago	Year ago
2014.3	2018.3	1982.5	1986.9

(Base: September 18 1931 = 100)

MOODY'S

Dec. 97	Dec. 19	M'th ago	Year ago
965.9	956.4	—	1140.42

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Feb. 5	Feb. 4	Month ago	Year ago
Spot	132.10	132.14	—	137.91
Fut.	126.38	125.91	—	141.63

(Base: December 31 1974 = 100)

GRAINS

The markets again rose in light trading with export figures construed as slightly bullish and finished in a narrow range, closing near the day's highs, reports Muirpace.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterd's close	+ or −
Mar.	119.10	+0.25	113.00	+0.35
May	116.40	+0.30	115.00	+0.35
July	118.65	+0.30	—	—
Sept.	96.90	−0.10	97.25	+0.10
Nov.	100.10	+0.10	100.65	+0.05
Jan.	105.70	+0.10	104.15	—

Business done—Wheat: 112.15-2.05, May 116.45-6.30, July untraded, Sept 97.00-6.90, Nov 100.20-0.10, Jan 103.80-3.60. Sales: 125 lots of 100 tonnes. Barley: Mar 113.00 only, May 115.00-5.85, Sept 97.30-7.20, Nov 100.65-0.60, Jan 104.15-4.10. Sales: 61 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 14 per cent March 179.25, April/May 167.25, June 167.55, transhipment east coast. U.S. no 2 soft red winter March 165.50, April 164, May 164.50. English feed fob Feb 13.50, March 114.50, April 115 east coast. Maize: U.S. no 3 yellow/French Feb 148 transhipment east coast. Barley: English feed fob Feb 115.75 paid Peterhead, March 117.50, 118.00 paid Boston, March 115.50 Boston, Feb 118 Ipswich/Southampton.

HGCA—Locational ex-farm spot prices. Other milling wheat: W. Mids 113.60. Feed barley: S. East 111.70, S. West 110.50, W. Mids 110.00, N. West 108.60. The UK monetary coefficient for the week beginning Monday February 11 will change to 1.038.

PIGMEAT

Initial steadiness was due to short-covering on the expiring spot position but the market weakened as the technical tightness evaporated, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	106.00	105.50	105.50-106.00
April	105.50	105.50	107.00-105.40
June	104.20	104.30	105.50-104.10
Aug	101.00	101.30	101.80-101.00
Oct	107.90	107.70	108.50-107.80
Nov	108.70	108.70	109.50-108.70

Sales: 337 (115) lots of 50 carcases, 3,250 kg.

POTATOES

Reaction to recent falls steadied the market, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	43.50	43.00	43.00
April	49.20	48.30	49.50-48.40
May	50.50	49.90	50.50-49.70
Nov.	71.50	71.60	71.50-71.40
Feb.	79.50	79.80	—

Sales: 319 (556) lots of 40 tonnes.

OIL

Crude oils were neglected apart from moderate activity in March Brent which traded at $27.50-$27.72 and closed around $27.65. Nymex WTI opened 13c up and gained a further 7c by 1 pm EST. The petroleum products market was active. The scarcity of gas oil, particularly Russian, talk of demand from Eastern Europe and robust futures escalated prices—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.75-27.85	−0.10
Arab Heavy	26.50-26.70	—
Dubai	27.25-27.55	—
Brent Blend	26.50-28.70	+0.055
W.T.I. (1pm est)	27.30-27.75	+0.50
Forcados (Nigeria)	28.10-28.25	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	259-264	—
Gas Oil	246-247	+5
Heavy fuel oil	156-160	—

* March: rest February.
Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Feb.	238.00	+6.50	238.00-233.50
March	226.00	+5.00	228.50-225.00
April	218.95	+9.25	219.25-17.75
May	217.75	+5.50	217.75-16.50
June	215.00	+2.00	217.00-15.00
July	215.00	+3.35	215.00
Aug	215.50	—	—

Turnover: 2,507 (1,654) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened slightly steadier, attracted good buying interest throughout the day and closed steady, reports Lewis and Peat. Closing prices (buyers): Spot 64.50p (64.00p); March 75.75p (75.50p); April 76.25p (76.00p). The Kuala Lumpur Feb fob price for RSS No. 1 was 186.0 (185.5) cents a kg and for SMR 20 was 184.5 (182.0).

SOYABEAN MEAL

The market opened unchanged in thin trading conditions, reports T. G. Roddick. The afternoon saw little change in a directionless market.

	Yesterday close	+ or −	Business Done
	£ per tonne		
Feb.	—	—	—
April	147.5-147.8	−0.35	147.5
June	144.8-145.5	−0.35	145.0
August	145.8-146.5	−0.25	146.2-145.8
October	148.5-150.0	−0.55	—
Dec.	153.5-154.5	−0.50	—
Feb.	158.0-158.5	+0.15	—

Sales: 164 (304) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $112.50 (£101.00), down $1.50 (down £1.50) a tonne for February-March delivery. White sugar $138.00, down 50c.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar.	117.8-117.4	116.5-116.2	117.8-115.6
May	125.8-125.6	124.0-124.4	126.4-123.4
Aug	133.5-134.4	132.8-132.6	134.2-132.2
Oct	142.0-142.4	140.4-141.6	142.6-140.2
Dec	147.4-148.8	146.0-148.0	147.8
Mar	162.8-163.4	161.0-162.0	162.0
May	169.5-179.8	167.8-168.8	—

Sales: 1,436 (2,503) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £210.00 (£212.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for February 6: Daily price 3.77 (3.78); 15-day average 3.75 (3.76).

U.S. MARKETS

HEATING OIL opened strong on short-covering but gradually lost momentum on forecasts of moderation of the unseasonally cold temperatures, reports Heinold Commodities. Maize and soyabeans were mixed in a narrow range with commercial support balancing local pressure. Wheat was fractionally higher in anticipation of tight deliveries on the March position. Soya oil was higher in the nearbys and weak in the distants as anticipated tightness is limited to nearbys. Gold and silver came under pressure from the weak tone in financials and currencies. Copper and aluminium were weak reflecting fears that interest rates might discourage demand. Sugar was featureless reflecting a lack of fresh news. Cocoa weakened on light arbitrage selling along with the lack of manufacturer pricing. Coffee remained under pressure on continued selling of Brazilian stocks. Cotton was weak reflecting the weak tone to outside markets along with poor demand prospects.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	49.45	—	—	49.55
March	49.75	50.00	49.40	49.90
April	50.15	—	—	50.30
May	50.55	50.65	50.30	50.70
July	51.35	51.15	51.15	51.45
Sept	52.15	—	—	52.25
Dec	53.35	—	—	53.40
Jan	53.75	—	—	53.75
March	54.55	—	—	54.55
May	55.35	—	—	55.30

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2276	2276	2243	2284
May	2311	2316	2283	2303
July	2283	2295	2269	2293
Sept	2265	2283	2260	2262
Dec	2140	2140	2125	2134
March	2125	2110	2105	2115
May	2125	—	—	2110

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	148.40	50.00	48.20	49.93
May	146.86	48.00	46.51	48.15
July	144.24	45.25	44.20	45.62
Sept	142.30	43.00	42.20	43.25
Dec	140.75	41.25	40.75	41.86
March	139.25	39.60	39.50	40.23
May	138.05	—	—	38.38
July	137.25	—	—	37.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Feb	61.05	—	—	61.40
March	61.40	61.85	61.30	62.00
April	61.65	—	—	62.25
May	62.05	62.65	62.05	62.65
July	62.65	63.20	62.60	63.15
Sept	63.20	63.70	63.20	63.70
Dec	64.00	64.50	64.00	64.40
Jan	64.30	—	—	64.65
March	64.75	65.20	64.75	65.10
May	65.25	65.60	65.60	65.65

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	64.82	65.25	64.83	66.28
May	66.05	66.35	65.97	66.43
July	66.97	67.22	66.98	67.25
Oct	67.30	67.40	67.25	67.36
Dec	67.35	67.40	67.30	67.40
March	68.45	—	—	68.45
May	69.08	—	—	69.10
July	69.53	—	—	69.60

CRUDE OIL (LIGHT) 42,000 U.S. gallons $/barrels

	Latest	High	Low	Prev
March	27.23	27.30	27.20	27.07
April	26.76	27.01	26.72	26.88
May	26.26	26.54	26.27	26.19
June	25.10	26.20	26.05	25.93
July	26.01	26.04	25.88	25.76
Oct	25.00	25.50	25.83	25.78
Nov	25.95	25.95	25.95	25.78
Dec	25.85	25.86	25.85	25.76

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	299.7	301.9	299.0	302.2
March	300.5	302.8	300.4	303.2
April	302.7	305.0	301.5	305.3
June	307.1	309.5	306.5	309.6
August	311.8	313.5	311.0	314.0
Oct	316.3	318.1	316.1	318.6
Dec	321.3	323.0	320.9	323.5
Feb	326.9	328.0	326.0	328.7
April	332.0	—	—	334.1
June	337.9	340.0	340.0	339.9
August	344.0	—	—	345.5
Oct	350.4	—	—	352.1
Dec	357.1	—	—	358.7

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	72.95	73.85	72.80	73.67
April	70.40	71.15	70.20	70.42
May	68.90	69.70	68.90	69.02
June	68.30	69.05	68.30	68.40
July	69.00	69.00	69.00	68.65

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	171.20	173.40	170.40	173.50
May	172.90	175.25	172.60	175.60
Sept	172.45	175.10	171.50	175.55
Nov	171.75	173.95	71.00	74.25
Jan	170.75	73.15	73.15	73.25
March	170.75	—	—	73.25
May	170.75	—	—	73.25
July	170.75	—	—	73.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	272.2	—	—	274.9
March	273.9	—	—	276.5
April	275.8	278.5	272.5	278.3
July	281.1	284.3	278.5	283.8
Oct	286.9	289.0	286.0	289.5
Jan	293.5	295.5	293.0	296.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Feb	613.2	615.5	616.5	620.4
March	615.0	619.5	609.5	623.5
April	620.5	—	—	627.9
May	624.7	630.0	618.0	632.3
July	633.8	639.0	628.0	641.4
Sept	643.1	648.0	638.5	651.3
Dec	658.9	666.0	655.0	667.5
Jan	665.4	—	—	673.0
March	676.5	682.0	676.0	684.1
May	688.4	694.0	692.0	696.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.12	4.13	4.07	4.11
May	4.47	4.48	4.40	4.42
July	4.86	4.87	4.76	4.79
Sept	5.12	5.13	5.03	5.07
Oct	5.30	5.30	5.22	5.24
Jan	5.76	5.71	5.71	5.70
March	6.25	6.26	6.11	6.17
May	6.50	6.50	6.43	6.46
July	6.73	—	—	6.66

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.75	65.10	64.62	64.80
April	67.92	68.20	67.75	68.20
June	68.65	68.80	68.42	68.55
August	66.75	66.90	66.55	66.67
Oct	64.75	65.07	64.75	64.70
Dec	66.15	66.60	66.10	65.97
Feb	66.35	66.35	66.25	66.25

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	51.05	51.37	50.97	51.37
April	47.37	47.50	47.20	47.57
June	52.67	52.95	52.45	52.67
July	53.45	53.60	53.15	53.27
August	52.30	52.55	52.20	52.17
Oct	48.35	48.60	48.20	48.45
Dec	48.60	49.75	48.60	48.80
Feb	48.60	48.80	48.60	48.20
April	46.60	46.00	46.00	45.95

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	272.4	273.2	272.2	273.2
May	279.4	280.0	279.2	280.0
July	282.0	282.4	281.2	282.2
Sept	275.2	275.4	274.4	275.0
Dec	269.4	270.0	268.0	269.0
March	278.0	278.6	278.6	277.2
May	283.2	283.4	282.0	282.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	69.87	70.35	69.67	71.67
March	69.32	70.36	69.07	70.50
May	70.47	71.50	70.20	71.62
July	70.57	71.50	70.35	71.62
August	68.42	69.80	68.22	69.35
Feb	64.20	65.25	64.00	64.20
March	63.55	63.55	63.55	63.55

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	599.0	601.0	595.4	597.6
May	611.2	612.6	607.4	610.0
July	621.2	622.4	618.2	620.2
August	622.0	623.4	620.0	622.0
Sept	613.0	616.0	613.0	615.4
Nov	615.4	618.0	614.0	617.0
Jan	628.0	630.0	628.0	629.4
March	641.4	643.0	641.4	643.0
May	649.4	—	—	650.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	137.5	138.0	136.4	137.2
May	143.0	144.0	142.5	143.4
July	148.9	149.0	148.5	148.9
August	152.5	152.5	151.2	151.7
Sept	155.0	155.2	153.8	154.3
Oct	157.7	157.9	156.5	156.7
Dec	162.5	162.7	161.0	161.9

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	28.42	28.53	28.23	28.33
May	27.45	27.60	27.30	27.47
July	26.40	26.50	26.45	26.73
August	26.88	26.35	25.90	26.27
Sept	25.55	25.85	25.50	25.75
Oct	24.67	25.05	24.60	24.98
Dec	23.90	24.50	23.90	24.40

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	364.0	366.2	363.2	364.0
May	348.2	349.0	348.0	348.4
July	336.6	338.4	337.4	338.2
Sept	337.4	339.6	337.2	339.2
Dec	347.2	349.0	347.2	348.4
March	352.0	352.0	351.4	352.0

SPOT PRICES—Chicago loose lard 24.66 (24.50) cents per pound. New York tin 602.0-620.0 (same) cents per pound. Handy and Harman silver bullion 614.0 (621.0) cents per troy ounce.

OTHER MARKETS

HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5 kg, 104.1p a kg withdrawn (102.5p withdrawn); 26-30.5 kg, 115.2p a kg (115.0p); 22-25.5 kg, 131.9p a kg withdrawn (135.2p). Cows: 25.5 kg or under, 132.1p a kg withdrawn (133.5p withdrawn).

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 78.0 to 83.0; English hindquarters 88.0 to 92.0, forequarters 58.0 to 62.0. Veal—Dutch hinds and ends 122.5 to 126.5. Lamb—English small 68.0 to 78.0, medium 62.0 to 70.0, heavy 60.0 to 64.0; Scotch medium 61.0 to 66.0, heavy 58.0 to 62.0; Imported: New Zealand PL (new season) 70.0 to 70.5, PL (old season) 67.5 to 68.3, PX (old season) 65.5 to 66.5. Pork—English under 100 lb 47.5 to 81.5, 100-120 lb 52.0 to 57.0, 120-160 lb 41.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.03p per kg lw (+0.22). GB—Sheep 174.23p per kg est dcw (+5.94). GB—Pigs 70.15p per kg lw (+0.91).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 512, 513, 513-512; May 522, 524, 523-520; Aug 542, 543, 542-536; Oct 542, 544, 541-538; Dec 542, 544, 543; Jan 542, 546, 544; March 550, 553, 552-551; May 555, 558, 558; Aug 565, 570, nil. Sales: 88.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 584.0, 585.0, 585.0; May 592.0, 598.0, untraded; July 596.0, 601.0, untraded; Oct 584.5, 588.0, untraded; Dec 588.0, 591.0, untraded; March 595.0, 603.0, untraded; May 600.0, 607.0, untraded; July 609.0, 612.0, untraded. Sales: 11.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 315 tonnes. Mixed operations indicated, some fresh involvement among spinners. Activity centred on Middle Eastern growths including Russian and Turkish.

PARIS

SUGAR—(FFr per tonne): Mar 1358/1360, May 1408/1410, Aug 1486/1492, Oct 1557/1560, Dec 1635/1650, Mar 1740/1745.

COCOA—(FFr per 100 kg): Mar 2368/2374, May 2400/2410, July 2370 bid, Sept 2380/2400, Dec 2220 ask, Mar 2215 ask, May 2210 ask.

ROTTERDAM

WHEAT — (U.S. $ per tonne) U.S. No. 2 Soft Red Winter: March 164, April 165, May 165, July 157. U.S. No. 2 Northern Spring, 14 per cent protein: Feb 184, March 184, April/May 169.50, June 171, July 171.50.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to advance

The dollar touched further records on the foreign exchanges yesterday, without any sign of major intervention by central banks. The U.S. currency continues to be backed by good commercial demand, but speculative buying is also increasing as the comments made at the recent Group of Five meeting in Washington about concerted central bank intervention have an increasingly hollow ring.

The market is convinced that U.S. interest rates will rise as economic growth remains strong and the Reagan Administration finances further very large Budget deficits through borrowing, rather than raising taxes. In spite of the record amount of U.S. Treasury funding taking place this week, the auctions up until last night had been considered successful, although there was some apprehension ahead of the sale of 30-year bonds.

The dollar rose to a 13-year peak against the D-mark, closing near the day's high at DM 3.2450 compared with DM 3.2215 on Wednesday. It also advanced to a record FFr 9.9025 from FFr 9.8375, and to SwFr 2.76 from SwFr 2.7370 and Y260.65 from Y259.45.

On Bank of England figures the dollar's index climbed to a record 149.2 from 148.7.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.1105. January average 1.1274. Exchange rate index rose to 72.0 from 71.5, compared with 78.5 six months ago. It opened at 71.5, the lowest level of the day, and rose steadily to close at the peak.

Sterling opened little changed against the dollar, but soon gained about ½ cent and remained around that level all day, showing useful gains against other major currencies, as the EMS block, Swiss franc and Japanese yen weakened in terms of the dollar. The high level of London interest rates and a calmer oil market underpinned the pound, which closed 25 points up against the dollar at $1.1160-1.1170, and also advanced to DM 3.6225 from DM 3.59; FFr 11.0550 from FFr 10.95; SwFr 3.0825 from SwFr 3.05; and Y291 from Y289.

D-MARK — Trading range against the dollar in 1984-85 is 3.2450 to 2.5535. January average 3.1698. Exchange rate index 119.7 against 123.2 six months ago.

The D-mark continued to fall sharply against the dollar in quite hectic late trading. The U.S. currency rose to DM 3.2365 at the Frankfurt close, and touched a peak of DM 3.2380, the highest since January 12 1972, when it was fixed at DM 3.2467 under the system of fixed parities. On Wednesday it finished at DM 3.2295. A level of DM 3.2320 was regarded as an important resistance point for the dollar to break through, with general demand for the U.S. unit underpinned by fresh commercial buying. Trading was in a narrow range for most of the day, before the opening of New York took the dollar higher. No intervention by the Bundesbank was detected on the open market, but the German central bank bought $16.2m when the dollar was fixed at DM 3.2278, compared with DM 3.2230. Sterling was stronger, rising to DM 3.5990 from DM 3.5860 at the fixing.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Feb 7	Previous
8.30 am	71.5	71.4
9.00 am	71.5	71.4
10.00 am	71.6	71.4
11.00 am	71.6	71.4
Noon	71.7	71.4
1.00 pm	71.9	71.4
2.00 pm	71.8	71.4
3.00 pm	71.9	71.4
4.00 pm	72.0	71.5

£ in New York

	February 7	Prev. close
£ Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.8009	−0.67	+0.19	±1.5428
Danish Krone	8.14104	7.95404	−2.30	−1.63	±1.6421
German D-Mark	2.24184	2.22685	−0.67	+0.19	±1.1463
French Franc	6.87456	6.80084	−1.07	−0.30	±1.3659
Dutch Guilder	2.52595	2.52039	−0.22	+0.65	±1.5165
Irish Punt	0.72569	0.715618	−1.39	−0.62	±1.6671
Italian Lira	1403.49	1369.71	−2.41	−2.26	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1105-1.1180	1.1160-1.1170	0.47-0.42c pm	4.84	1.10-1.11pm	4.07
Canada	1.4835-1.4935	1.4910-1.4930	0.49-0.39c pm	3.54	1.14-1.00pm	2.87
Nethlnd.	4.08-4.10	4.09-4.10	2½-2¼c pm	6.59	6¾-6½ pm	6.10
Belgium	71.80-72.90	72.50-72.60	22-16c pm	3.14	46-36pm	2.27
Denmark	12.81½-12.96½	12.93½-12.94½	3½-2½ore pm	2.84	6½-5½pm	1.89
Ireland	1.1527-1.1621	1.1610-1.1620	0.01p pm-0.16d	−0.77	0.16-0.53dis	−1.17
W. Ger.	3.58½-3.62½	3.61½-3.62½	2¼-2pf pm	7.04	6½-5½pm	6.62
Portugal	200.12-206.60	200.75-205.55	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 72.50-72.65. Six-month forward dollar 1.68-1.63c pm, 12-month 2.30-2.15c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1105-1.1180	1.1160-1.1170	0.47-0.43c pm	4.84	1.10-1.11pm	4.07
Ireland†	0.9585-0.9645	0.9585-0.9600	0.49-0.42c pm	[illegible]	[illegible]	[illegible]
Canada	1.3341-1.3369	1.3362-1.3367	0.13-0.16c dis	[illegible]	[illegible]	[illegible]
Nethlnd.	3.6507-3.6685	3.6675-3.6685	0.52-0.49c pm	[illegible]	[illegible]	[illegible]
Belgium	64.75-65.23	64.90-65.00	12-13c dis	[illegible]	[illegible]	[illegible]
Denmark	11.61-11.59½	11.58½-11.59½	1½-2ore dis	[illegible]	[illegible]	[illegible]
W. Ger.	3.2265-3.2460	3.2445-3.2455	0.60-0.55pf pm	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 64.85-64.95.

OTHER CURRENCIES

Feb. 7	£	$		Note Rates
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY RATES

Feb. 7	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for February 6: 1.29192.

CURRENCY MOVEMENTS

Feb. 7	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Feb. 7	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Sentiment improves as pound picks-up

MARKET sentiment improved yesterday as the pound built on a steady start and tacked in behind the dollar, which continued to chalk up more gains against European currencies.

Sterling's behaviour prompted an easing of interest rates at midday following firmer opening levels. Three month interbank closed ⅛ per cent lower at 13¹⁵⁄₁₆, but dealers still see next month's Budget as the earliest date for a reduction in bank base rates. Three month eligible bank bills fell to 12⅞-13 per cent, from 13⅛ per cent.

The Bank of England provided just over £1bn of assistance yesterday, following a forecast money market shortage of £950m.

Most of the shortage stemmed from bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills together draining £393m and the unwinding of sale and repurchase agreements accounting for £620m. Another factor affecting the market was a £25m rise in note circulation.

These were partly offset by Exchequer transactions of £10m and bankers' balances above target of £95m.

Just over one-third of the day's assistance was accounted for by morning operations, which mopped-up a total £344m.

The Bank initially purchased £246m of bills comprising of £58m of band 2 (15-33 day maturity) bank bills outright at 13⅜ per cent and £188m of bills for resale in equal amounts on February 26 and 27 at 13⅞ per cent. It also acquired £98m of bills before lunch through £41m of band 2 bank bills outright at 13⅜ per cent and £57m of bills for resale as to £53m on February 26 and £4m the following day, both at 13⅞ per cent.

Afternoon operations and late assistance of £50m brought the day's total help to £1,002m. The Bank bought £608m of bills, of which £82m were outright through £30m of band 1 (up to 14 days maturity) bank bills at 13⅝ per cent and £52m of band 2 bank bills at 13⅜ per cent. Bills for resale next Friday at 13⅞ per cent accounted for the remaining £526m.

UK clearing banks base lending rate 14 per cent since January 28

MONEY RATES

Feb. 7	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Intervention	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 7 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Four years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Export Finance IV: Average Rate of interest period January 2 to February 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): [illegible] per cent from February 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount 11.8150 per cent. Certificates of Tax Deposit (Series 6): Sales temporarily suspended. Rates prior to suspension were: Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent. Under £100,000 [illegible] per cent from January 30. Deposits held under Series 6 [illegible] per cent. The rate for all deposits withdrawn for cash [illegible] per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. February 7)

3 months U.S. dollars

bid 8 7/8	offer 9

6 months U.S. dollars

bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Gilts firm

Sterling denominated interest rate contracts closed on a firm note on the London International Financial Futures Exchange yesterday. March delivery gilts opened firm at 104.03, but this proved to be the low of the day, and the contract finished only slightly below its peak of 105-02, compared with 103-26 previously. The very firm tone was encouraged by strong demand for gilts in the cash market, where good overseas buying was seen, as well as institutional support. A much better performance by the pound on the foreign exchanges so far this week, and particularly yesterday, helped sentiment.

Three-month sterling deposits were influenced by the strength of the pound and a slight easing of money market interest rates. March deposits began at 87.31, and also finished near the day's high of 87.57, compared with 87.30 on Wednesday.

Eurodollar's for March delivery opened weaker at 90.86 and fell to 90.82 from 90.94 at the previous close. U.S. Treasury bond futures were also depressed, with the market nervous ahead of the U.S. Treasury's 30-year bond auction. March bonds began trading at 72-11 and closed at the same level. The highest level touched was 72-15 and the lowest 72-05, compared with the previous finish of 72-18.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.82	90.87	90.78	90.94
June	90.28	90.35	90.24	90.40
Sept	89.72	89.77	89.70	89.87
Dec	89.24	89.21	89.23	89.40
March	88.89	—	—	89.05

Estimated volume 5,352 (3,830)
Previous day's open int 14,327 (13,934)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	72-11	72-15	72-05	72-18
June	71-10	—	—	71-17

Estimated volume 1,786 (893)
Previous day's open int 2,108 (2,077)

THREE-MONTH STERLING, 20-YEAR 12% NOTIONAL GILT, STERLING £25,000 $ per £, DEUTSCHE MARKS DM 125,000 $ per DM, SWISS FRANCS SwFr 125,000 $ per SwFr, JAPANESE YEN Y12.5m $ per Y100:

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	129.40	129.50	128.00	128.40
June	129.70	129.70	129.40	128.70
Sept	130.05	—	—	129.05

Estimated volume 283 (461)
Previous day's open int 1,400 (1,316)

CHICAGO

U.S. TREASURY BONDS (CBT), U.S. TREASURY BILLS (IMM), CERT. DEPOSIT (IMM), THREE-MONTH EURODOLLAR (IMM), STERLING (IMM) $ per £:

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-09	69-09	69-04	69-03
June	68-20	68-20	68-14	68-14
Sept	—	—	—	67-26
Dec	67-14	67-14	67-12	67-08
March	—	—	—	—
June	—	—	—	66-09
Sept	—	—	—	65-28

Company Notices

GAZ DE FRANCE

National Service
Public Corporation of the French State
(law on nationalisation of Electricity and Gas of April 8th, 1946)

Registered Office: 23, rue Philibert Delorme, PARIS (17ème)

8% BONDS 1970 — 1985 OF U.S.$1,000

GENERAL REDEMPTION

The holders of 8% Bonds 1970-1985 of U.S.$1,000 are informed that all the securities corresponding to the last annuity will be redeemed on the final maturity, March 15th, 1985, namely a nominal amount of U.S.$1,380,000.

The outstanding Bonds will be redeemable at U.S.$1,000 at CHASE MANHATTAN BANK, NEW YORK and at the offices of the following establishments:

— Banque Nationale de Paris, Paris
— Société Générale, Paris
— Crédit Commercial de France, Paris
— Deutsche Bank AG, Francfort-sur-le-Main
— Banque Bruxelles Lambert, Bruxelles
— Société Générale de Banque SA, Bruxelles
— Banca Nazionale Del Lavoro, Roma
— Crédit Lyonnais, Agence de Luxembourg, Luxembourg
— Société Générale Alsacienne de Banque, Luxembourg
— Amsterdam Rotterdam Bank NV, Amsterdam
— Barclays PLC, Londres
— Crédit Lyonnais, Paris
— Banque Paribas, Paris
— Commerzbank AG, Dusseldorf
— Dresdner Bank AG, Francfort-sur-le-Main
— Kredietbank NV, Bruxelles
— Banca Commerciale Italiana, Milan
— Kredietbank SA Luxembourgeoise, Luxembourg
— Banque Générale du Luxembourg SA, Luxembourg
— Algemene Bank Nederland NV, Amsterdam

U.S.$150,000,000

CREDIT LYONNAIS

Floating Rate Notes due 1995

In accordance with the conditions of the notes, notice is hereby given that for the six-month period 8th February 1985 to 8th August 1985 (181 days) the notes will carry an interest rate of 9⅜% p.a. Relevant interest payments will be as follows:

Notes of U.S.$10,000 — U.S.$471.35 per coupon

THE SANWA BANK LIMITED
(LONDON BRANCH)
Agent Bank

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

PUBLIC ESTABLISHMENT.
Appropriation: FF 500,000,000
Office: Cité du Retiro
35-37 Rue Boissy d'Anglas
75379 Paris Cedex 08

FLOATING RATE NOTES 1982-2002
USD 10,000
EARLY REDEMPTION

The holders of Floating Rate Notes 1982-2001 of USD 10,000 are informed that all the outstanding Securities will be redeemed early at par on March 14th, 1985 at the offices of the following establishments:
Banque Nationale de Paris, Paris.
Bankers Trust Company, London.
Banque Nationale de Paris (Luxembourg) S.A., Luxembourg.
Bankers Trust Company, New York.

M. L. HOLDINGS p.l.c.

ORDINARY SHARES OF 25p
7% REDEEMABLE PREFERENCE SHARES OF £1

NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members will be CLOSED on 1st March, 1985 only.

By Order of the Board
A. P. SMITH
Secretary

US$400,000,000

ELECTRICITE DE FRANCE

Floating Rate Notes due 1999

Notice is hereby given that for the six months from 23rd August 1984 to 22nd February 1985 the interest payable on each US$10,000 note against coupon No. 1 on the relevant interest payment date, 22nd February, will be US$639.38.

The Fiscal Agent
Banque Nationale de Paris
(Luxembourg) S.A.

Legal Notices

No. 006367 of 1984
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
HONGKONG TIN PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated 17th December 1984 confirming the reduction of the Capital of the above-named Company from £150,000 to nil and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 28th January 1985.

Dated 5th February 1985.
CLIFFORD-TURNER,
Blackfriars House,
19 New Bridge Street,
London EC4V 6BY.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 6, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libors as of February 6 at 11.00 a.m.
3 month: 8⅞ 6 months: 9⅛

ECU=$US.690524 SDR1=$US.967997
Sibor as of February 6 at 11.00 a.m.
3 month: 8⅞ 6 months: 9⅛

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	9.0858
Algeria	Dinar	5.1683
Andorra	Fr. Franc	9.838
	Sp. Peseta	177.75
Angola	Kwanza	29.918
Antigua	E. Caribbean $	9.70
Argentina	New Peso (o)	926.77
Australia	Dollar	1.278
Austria	Schilling	92.639
Azores	Port. Escudo	180.50
[illegible]	[illegible]	[illegible]
Grenada	E. Caribbean $	9.70
Guadaloupe	Franc	9.838
Guam	U.S. $	1.00
Guatemala	Quetzal (O)	1.00
	Quetzal (h, l)	1.83
Guinea Bissau	Peso	96.8329
Guinea Rep	Syli	90.5014
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	9.00
	Lempira (d)	2.55
[illegible]	[illegible]	[illegible]
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	404.00
Peru	Sol (e)	6811.88
Philippines	Peso	18.145
Pitcairn Is.	N.Z. Dollar	2.1608
Poland	Zloty (O) (3)	139.00
Portugal	Escudo	180.50
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.838
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Freemarket central bank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential Rate. (h) Non essential imports. (i) Floating tourist rate. (j) Venezuela: For debts incurred prior to February 1983. (2) Saudi Arabia: December 27, Riyal devalued to 3.58. (3) Poland: January 2, Zloty officially devalued by 10.87 per cent. (4) Equatorial Guinea: December 31, currency Ekwele France zone. (5) Jamaica: November 8, rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia: January 8, official devaluation of 29 per cent. (7) Bolivia: Unified exchange rate effective November 22. (8) Ghana: December 3, Cedi devalued from 38.5 to 50. (9) Botswana: January 11, Pula devalued approximately 15 per cent.

For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 6.

U.S. DOLLAR STRAIGHTS · DEUTSCHE MARK STRAIGHTS · SWISS FRANC STRAIGHTS · YEN STRAIGHTS · OTHER STRAIGHTS · FLOATING RATE NOTES · CONVERTIBLE BONDS

OVER-THE-COUNTER

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N.Y.S.E. ALL COMMON

New York Active Stocks

TORONTO

MONTREAL Portfolio

CAPITAL MARKETS

New issue flood becomes a trickle as buyers retreat

BY MAGGIE URRY IN LONDON

THE Eurodollar bond market at last gained some respite from new issues yesterday. The turnround in sentiment in the last few days is keeping buyers away from the market until more attractive paper comes on offer.

Nearly all the recent fixed-rate issues are trading outside their total fees, but even so there is little demand. On average, prices fell by ¼ point.

Daiwa Europe was the only issuing house busy yesterday. It launched a seven-year $50m issue for Nippon Shinpan, the Japanese consumer credit company, which has an 11 per cent coupon and 100.60 issue price.

Daiwa also led a $50m convertible issue for Taiyo Yuden, with a 15-year life. The indicated coupon is 3¼ per cent.

Three more floating-rate issues, totalling $240m, were called yesterday by Denmark, Creditanstalt and Banque Nationale de Paris. All paid higher interest rates than borrowers could get at current market levels.

The spurt in the U.S. dollar has hit other currency bond markets. Yen bonds have fallen in the domestic and Eurobond market, as dealers fear a rise in Yen interest rates to defend the exchange rate. Nikko Securities has postponed the Euroyen issue it was planning for British Petroleum.

BNP Bank bond average		
Feb 7		Previous
101.446		101.452
High	1984/85	Low
103.042		98.058

D-Mark bonds were also hit as the dollar reached a 13-year high. Prices fell by ¼ point or more, with trading quiet. Here, too, buyers are sticking to the sidelines.

It was not all gloom in the Swiss franc foreign bond market. Although some issues fell by ¼ point or so, others improved — Creditanstalt's 5½ per cent issue gained ¾ point to 98½.

Bank Hofmann yesterday indicated a yield of 5⅛ per cent for Settsu Paperboard's SwFr 100m, eight year issue.

The SwFr 150m public issue for IC Industries, which has a 10-year life, has had its yield increased from 5¼ per cent to a 5⅜ per cent coupon and 100¼ issue price. UBS is lead manager.

SBC cut the coupon on Hisamitsu Pharmaceutical's SwFr 40m convertible from 2 per cent to ⅞ per cent.

The size of the two-tranche New Zealand dollar issue for New Zealand Breweries has been set at the maximum amount of NZ$50m — each tranche is NZ$25m — by Banque Gutzwiller, Kurz, Bungener.

WEEKLY U.S. BOND YIELDS (%)

	Feb 6	Jan 30	1985 High	1985 Low
Composite Corp. AA	11.96	11.76	14.23	11.80
Government:				
Long-term	11.27	11.04	13.60	11.10
Intermediate	11.20	10.99	13.79	11.12
Short-term	10.16	9.96	13.22	10.03
Municipal	9.52	9.56	11.14	9.90
Industrials AAA	11.45	11.18	13.86	11.44
Industrials AA	11.87	11.68	14.13	11.80
Utilities AA	12.04	11.84	14.45	12.01
Preferred Stocks	10.97	10.96	12.17	11.03

Source: Standard & Poor's

Portugal sets terms on $500m Eurocredit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

PORTUGAL has selected a group of six international banks to lead a $500m, eight-year credit facility in the Euromarkets, expected to be the republic's only large borrowing this year.

The deal, the terms of which were agreed in Lisbon last night, is to include a $250m facility under which Portugal can raise money through the sale of short-term Euronotes denominated in dollars or European Currency Units or by calling for short term advances from participating banks. These may be in dollars, Ecus or sterling.

The remaining $250m will be raised in the form of a conventional credit bearing interest at a margin of ⅝ per cent over Eurocurrency rates and with repayments beginning after a grace period of five years.

Details of the deal had been keenly awaited in the Euromarket, where Portugal is regarded as something of a test case for short-term note facilities, which are normally reserved for only the very best-rated credits.

Bankers said last night that Portugal has opted for a cautious approach to this form of borrowing which can yield very cheap money. Its Euronote facility is to be backed up by a standby credit bearing a relatively high ¼ per cent commitment fee. If drawn this credit will bear interest at a margin of ⅝ per cent.

It is also expected that banks seeking to contribute to the conventional credit portion will also be required to participate in the Euronote facility. As the credit bears a relatively high margin by today's standards, this should help Portugal attract underwriters for the Euronote portion of its deal.

Banks selected to lead the facility include Bank of Tokyo, Banque Nationale de Paris, Citicorp, Industrial Bank of Japan, Lloyds Bank International and Manufacturers Hanover.

We regret that due to communications problems this listing is incomplete.